



CBAI E-Newsletter, sponsored by **SHAZAM** May 19, 2021

IN THE NEWS

Illinois Enters COVID-19 Bridge Phase and Governor Modifies Statewide Mask Mandate

Last Friday, Illinois officially entered the 28-day Bridge Phase as part of the Restore Illinois COVID-19 plan. Governor Pritzker issued Executive Order 2021-10, which eases capacity limits for most businesses and starts to roll back COVID-19 mitigations as a transition to full reopening. If COVID-19 infections and hospitalizations decrease and vaccinations increase during the 28-day Bridge Phase, Illinois can enter Phase 5 of the plan, which is a fully reopened state with limited COVID-19 restrictions. If metrics remain steady, the earliest Illinois could enter Phase 5 (fully re-opening) is June 11.

The new executive order also includes a change to the statewide mask mandate intended to bring it in line with CDC guidelines that fully vaccinated people do not have to wear masks in certain situations. Under the order, unvaccinated people are still subject to the state mask mandate. From the executive order:

Face Coverings

*Any individual **who is not fully vaccinated** and who is over age two and able to medically tolerate a face covering (a mask or cloth face covering) shall be required to cover their nose and mouth with a face covering when in a public place and unable to maintain a six-foot social distance. This requirement applies whether in an indoor space, such as a store, or in a public outdoor space where maintaining a six-foot social distance is not always possible.*

See Executive Order 2021-10 »

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Skimming and Card Cloning

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Governor Signs Rent Relief Bill, Could Phase Out Eviction Moratorium

Governor Pritzker signed HB 2877, which sets the groundwork for the state of Illinois to administer \$1.5 billion in rental relief from the American Recovery Act. The governor predicts that 120,000 renters could see relief through the program. Grants given under the program would be paid directly to landlords. The law also includes a sealing of court records of COVID-19 related evictions. The governor indicated that he would work to phase out the eviction moratorium after the relief payments have been distributed, likely in August.

The legislation also includes a stay of foreclosure proceedings until May 1, 2021, which has already passed. The governor's executive order halting foreclosures is still in effect. CBAI worked with the Illinois Bankers Association and Illinois Credit Union League to negotiate out egregious language dealing with foreclosures that was originally included in the legislation.

Governor Pritzker has still not indicated when we might see a modification of executive orders dealing with foreclosures and post-judgement debt.

[See HB2877 »](#)

Secretary of State Continues to Examine Holding Companies for Franchise Tax Liability

In the past few weeks, several community bankers have reached out to CBAI with questions regarding the Secretary of State's Office (SoS) auditing holding companies for unpaid franchise taxes. CBAI had reached an understanding with the SoS that as long as the physical stock certificates were held out of state, a practice commonly recommended by auditors, that the bank holding company was not liable for the tax. However, if at any point the certificates were returned to the state of Illinois, then the SoS could seek payment of the tax.

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Community Reinvestment Act: Implementation of the June 2020 Final Rule

The OCC will reconsider the June 2020 final rule regarding Community Reinvestment Act regulations. While this reconsideration is ongoing, the agency will not object to suspension of implementation of provisions with a compliance date of January 1, 2023, or January 1, 2024. The OCC does not plan to finalize the December 4, 2020, proposed rule that requested comment on an approach to determine CRA evaluation benchmarks, thresholds, and minimums under the June 2020 rule. The OCC is also discontinuing the CRA information collection pursuant to the Paperwork Reduction Act notice published in the Federal Register in December 2020.

[View the Complete Bulletin »](#)



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Deadline for Nominations for the Excellence & Innovation BKD Award Presented by CBAI is June 4

Nominations are being taken for 2021 Excellence & Innovation BKD Award, presented by CBAI and the accounting firm of BKD LLP. The purpose of the award is to bring recognition to banks with an outstanding, innovative product/service or program. Your bank does not need to be a BKD client in order to enter. Nominations are due at CBAI headquarters no later than Friday, June 4, 2021. Last year, the winner was CNB Bank & Trust, N.A., Carlinville. This year, your bank could be the winner! Send us your community bank's innovative programs, unique community service projects, or special way your bank has stepped up to help local businesses during the COVID-19 pandemic. Your extra efforts deserve to be recognized! If you have any questions, please e-mail [Valerie](#) or [Bobbi](#).

[Learn More About the Award »](#)

[Download the Nomination Form »](#)

NEWS FROM THE FRONT

The Illinois General Assembly is hearing bills in committees of the second chamber. Legislators will meet every weekday for the remainder of the month, with a scheduled adjournment on May 31.

Bills should be passed by May 31, including the state budget and redistricting map; past May 31, every bill requires a higher majority of members approving. However, with Democrat supermajorities in both the House and Senate, gaining those higher majorities is a bit easier. The budget and map both technically do not need to pass until June 30, leading to the possibility of the legislature continuing session into June, at least for the redistricting map, if necessary.

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

IDFPR Offers State CRA Virtual Discussion

Illinois recently became the first state in the Midwest to have a Community Reinvestment Act (CRA) become law. Join regulators from IDFPR and Massachusetts, the first state to include both non-bank mortgage lending and credit unions in its state CRA, for a virtual discussion on Wednesday, May 26, at 2 p.m. Topics covered include an explanation of Massachusetts' CRA and what's next for the Illinois CRA as the implementation process begins. The discussion features **Francisco Menchaca**, director of the Illinois Division of Financial Institutions, **Chasse Rehwinkel**, acting director of the Illinois Division of Banking, **Mayte Rivera**, deputy commissioner of the Depository Institutions Supervision, Massachusetts Division, and **Kevin Cuff**, deputy commissioner of mortgage supervision at the Massachusetts Division of Banks.

[Register Here »](#)



FDIC Publishes 2021 Risk Review

The Federal Deposit Insurance Corporation (FDIC) today published its 2021 Risk Review, a comprehensive summary of emerging risks in the U.S. banking system. The FDIC began reporting key banking sector risks in its Risk Review publication in 2019, and this year's report expands coverage of key risks during a time of heightened uncertainty.

"The U.S. economy and banking system showed remarkable resilience last year following the deepest recession in modern history," said FDIC Chairman Jelena McWilliams. "Our analysis examines how insured institutions navigated the unprecedented banking landscape in 2020 and the key risks that warrant continued monitoring."

The 2021 Risk Report summarizes conditions in the U.S. economy, financial markets, and banking sector, and presents key credit and market risks to banks. The report focuses on the effects of these risks on community banks in particular, as the FDIC is the primary federal regulator for the majority of community banks in the U.S. banking system.

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Boston Fed to Test Central Bank Digital Currency

The Boston Fed is working with MIT to build and test a hypothetical digital currency platform, Reserve Bank President Eric Rosengren said. Rosengren said the institutions' "Project Hamilton" is designed to determine the feasibility of the core processing of a central bank digital currency. They plan to issue a white paper in the third quarter, he said.

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Senate Votes to Repeal OCC "True Lender" Rule

The Senate voted to repeal the OCC's "true lender" rule recently by a 52-47 margin. The rule creates a standard to determine when a bank is the "true lender" when partnering with a third party. Under the rule, banks are deemed true lenders if they fund the loan or are named as the lender in the loan agreement on the origination date. The House still has to vote on this resolution to repeal if "true lender" is to be changed.

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CFPB Proposal Targets COVID-Impacted Mortgages

The Consumer Financial Protection Bureau's proposed rule frees small servicers from additional regulatory burden as they work with COVID-affected borrowers to evaluate their loss mitigation options to avoid foreclosures when possible. The proposal extends the temporary COVID-19 emergency pre-foreclosure period until Dec 31, 2021, and would permit mortgage servicers to offer certain loan modifications to impacted borrowers. The bureau is also weighing whether there are instances in which a proposed restriction may be waived, provided the servicer has completed a proper loss mitigation review and concluded they are ineligible for a non-foreclosure option.

ICBA urged the bureau to coordinate its requirements with other agencies and not to become overly prescriptive with servicer requirements, which could raise servicing costs and negatively impact borrowers. ICBA also asked for an exclusion to the requirements for abandoned properties and where it is likely that that an extended foreclosure moratorium could result in the degradation of a property's value. [Read More »](#)

Fed Proposes Changes to Interchange Regs

The Federal Reserve Board invited public comment on proposed changes to Regulation II (Debit Card Interchange Fees and Routing). The changes would clarify that debit card issuers should enable and allow merchants to choose from at least two unaffiliated networks for card-not-present debit card transactions, such as online purchases.

The Fed said two unaffiliated networks are often not available to process card-not-present debit card transactions because some issuers do not enable them, which prevents merchants from having a choice between competing networks when routing such transactions.

The Fed also issued its latest biennial interchange report, which found that U.S. payment card networks in 2019 processed 79.2 billion debit and general-use prepaid card transactions valued at \$3.1 trillion. Total transaction volume grew seven percent in 2019, in line with the 7.8 percent average annual growth rate from 2009 to 2018. Comments are due 60 days after publication in the Federal Register.

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IZALE: CBAI Exclusive BOLI & Executive Benefits Webinar

IZALE Financial Group, a CBSC Preferred Provider, will provide an overview of Bank Owned Life Insurance (BOLI), an alternative asset that is gaining popularity among community bankers. IZALE will review what it is, how it works, why it complies with regulatory guidance, and how it performs compared to other assets. Additionally, they'll cover the current trends in executive benefits.

Join IZALE for insight from a leading industry expert to learn how BOLI's steady, predictable earnings can enhance your balance sheet and how executive benefits help your bank attract, retain, and reward your top talent. This webinar will expand upon the article "Two Peas in a Pod" published in CBAI's May edition of *Banknotes*.

[Register Here »](#)

Wolters Kluwer: Banking Compliance Insights | Digital Transformation Podcast

In this episode, "*Electronic Lending and Participation in the Secondary Market*," Wolters Kluwer Vice President of Banking Compliance Solutions, **Samir Agarwal**, and **Spencer Mierzejewski**, senior legal counsel at Wolters Kluwer, offer guidance on how vital digital capabilities are in the origination process and its impact on the downstream need to participate in the secondary market. **LISTEN NOW!**

Ncontracts: Ask Me Anything! Internal Auditors Tell All Webinar

Here's your chance to ask the experts! We've invited a panel of industry-leading internal auditors to join us for a Q&A on Wednesday, May 26, at 2 p.m. CT. From managing the audit workload to reporting to the board, you'll hear directly from fellow professionals who are finding ways to successfully tackle today's top internal audit challenges at their financial institutions.

Our panel will address topics including:

- Tackling top challenges
- Must-have internal auditor training
- The impact of COVID-19
- Coordinating with other departments & functions
- Best practices for findings management
- Board reporting

Whether you're an experienced internal auditor or new to the field, tune in to (anonymously) ask industry peers about their greatest challenges and gain insights into successful audit management.

[Register Here »](#)

Harland Clarke: What is ChecksCX?

ChecksCX is a payment solution that lets you increase check order capture during account opening, build a base for future check orders, and keep your financial institution top of mind. Simplify pricing and products, reduce check program management complexity, and improve the check ordering experience for customers and your team. Leverage check packaging, branding and customization, and broaden your brand's reach without impacting your marketing budget.

The Harland Clarke infographic discusses:

- 1) The number one reason customers don't order checks at account opening
- 2) Why 84 percent of consumers make a purchase
 - How check packaging branding and customization help increase revenue by 33 percent
 - What 86 percent of consumers will happily pay more for
 - How to increase the value of every check order

Download the infographic to read about the quantifiable benefits of adopting an intuitive and easy check ordering platform that drives self-service adoption.

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Ncontracts: How to Build a Compliance and Risk Management Dream Team Webinar Recording

Successfully implementing the three lines of defense model requires collaboration throughout a financial institution, especially among compliance, risk management, and audit. From the board to the frontline, everyone has a role to play. The key is defining those roles and responsibilities so that everyone works together to achieve the institution's strategic and operational objectives.

How do you implement the three lines in a way that's appropriate for your institution? This recorded webinar will show you how to identify and connect the necessary elements. We'll show you:

- The one thing you absolutely need to create three lines of defense;
- How to map out roles and responsibilities without reinforcing silos;
- Tips for addressing pushback and minimizing conflict; and
- Strategies for avoiding common pitfalls.

No matter which line of defense you represent, join us as we show you how to organize compliance, risk, and other functions to build a risk management dream team.

[Access the Recording »](#)

CBIS: Business Interruption & Creating a Continuity Plan

Each year, businesses and organizations are affected by man-made and natural events and disasters. Market competition and the fast pace of business demands that companies be prepared to respond to these events to help prevent or reduce business interruption and loss. These events run the gamut from fires, explosions, weather-related and other natural disasters, to man-made events, including terrorism, data theft, cyberattacks on computer systems and networks, extended power outages, and critical equipment breakdown. Major events can cause extensive disruption and damage to business and business operations. In a highly competitive, global economy, the inability of organizations to respond quickly and continuously to an adverse event could mean that consumers, clients and customers go elsewhere. The importance of business continuity planning, that is, a continuous process and plan to identify the impacts of events and potential losses and ensure viable recovery strategies and continuity of services, cannot be overstated.

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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.

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: Citation to Discover Assets Captures Pass-Through and Collateral \$\$\$

An April 22 opinion from an Illinois Appellate Court ruled that a restraining order provision within a citation to discover assets (i.e., prohibiting transfer of funds out of the account) applied to funds in an account for which the accountholder has temporary custody (pass-through funds) as well as to funds in which a third-party lender has a security interest that is not yet exercised.

[Read Most Recent CBAI LEGAL »](#)



CBAI Spring 2021 HR Survival Guide: Employers in the Time of COVID-19

Live E-Classroom Seminar Via Zoom
June 9, 2021



CBAI Trust Seminar: Estate Planning Hot Topics
June 23, 2021 - CBAI, Springfield

MORE UPCOMING EDUCATIONAL PROGRAMS

Group Meeting Registration Now Open for Groups 3, 4, 6, 8

Six down, five to go! CBAI leaders and executive staff have visited six of the 11 locations on the Group Meeting tour this spring. The June Group Meetings remain, with the Group 1 & 2 Meeting date and location still to be determined. Bankers from nearly 200 banks participate in these enjoyable and informative events each year. 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.

Consisting of an optional golf outing and a dinner meeting, each Group Meeting provides an excellent opportunity to get the latest information on key banking issues and catch up with friends and peers. *(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 »](#)

Consumer & Commercial Loan Documentation offered June 9 & 10 and as On-Demand Recorded Sessions

CBAI is pleased to offer "Consumer Loan Documentation" on Wednesday, June 9, 2021, and "Commercial Loan Documentation" on Thursday, June 10, 2021, both at CBAI Headquarters in Springfield and as on-demand recorded sessions. Loan documentation is a critical component in lending. After the decision to make a loan has been made, the next step is the documentation/closing process. This part of the lending process is essential to avoid loan losses due to poor documentation. Many community banks assign this important responsibility to loan officers and loan administrators. If not performed properly, poor documentation can cause loans to be adversely classified, even if the underlying credit is sound or if the loan is performing as agreed. The purpose of these one-day workshops is to provide participants with a good understanding of the consumer and commercial loan documentation process. Participants are exposed to the five steps in loan documentation, which include identifying the borrower, identifying and documenting the collateral, evidencing the debt, attaching the collateral, and perfecting the security interest.

[Register Today »](#)

Register Now for the Community Bankers School Scheduled for July 11-16, 2021 in Bloomington

Here's what previous participants said:

"The courses made you think about the bigger picture and how all the functions work together. The spirit of camaraderie is great."

"The second year really got me prepared for the next steps in my career. The instructors have done a fantastic job to excite and prepare me for my future management position at the bank."

"Fantastic presenters with tons of experience!"

"The School presenters were very good and passionate. This course truly brings together all aspects of the bank."

"The Community Bankers School is an excellent opportunity for bankers from all areas."

"This is a great experience. It provided very applicable information and exercises, and I'm a better banker for having been here."

But don't take their word for it. Put their statements to the test and enroll one of your associates in Class I of The School today! There is a money-back guarantee as well. CBAI guarantees that this individual will return to the bank more motivated and better equipped to contribute to the overall success of your community bank. Should "The School" not measure up to your expectations, contact Melinda McClelland at CBAI within two weeks of the student's return and the full tuition will be refunded to your bank. Deadline to enroll is July 1, 2021!

[Enroll Today »](#)

[VIEW CBAI's EVENTS CALENDAR](#)

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