



Community Bankers
Association of Illinois®
One Mission. Community Banks.™

Connected to Community Banking!

CBAI E-Newsletter, sponsored by **SHAZAM**

June 30, 2021

IN THE NEWS

CBAI Urges Congress to Reject New IRS Reporting Plan

In a letter to Congressional leaders dated June 22, 2021, CBAI joined ICBA community banking associations in urging Congressional opposition to the Internal Revenue Service's new reporting plan for community banks to collect and report detailed new information on financial account transactions.

CBAI stated in an Action Alert urging members to contact their members of Congress opposing this IRS plan, *"The Administration's unprecedented proposal raises serious concerns about individual privacy and would create a significant and expensive new regulatory burden on Illinois community banks. We appreciate the importance of collecting income taxes, but improved compliance should first come through more effectively using the vast amount of data the IRS already collects."*

[Read Joint Trade Association Letter to Congress »](#)

[Respond to CBAI's Action Alert Urging Opposition to this IRS Plan »](#)

Join CBAI for Regional Legislative Roundtables

The CBAI governmental relations team will be hosting legislators and community bankers at a roundtable and reception on July 8 in Monmouth and on July 14 in Girard.

These casual events are an opportunity for community bankers to interact directly with lawmakers and discuss the concerns of our industry. Anyone from the bank, from directors to tellers, are welcome and encouraged to attend. Drinks and appetizers will be provided. *There is no cost for CBAI members to attend.* These events are made possible by generous sponsorships from ICBA, CBSC, and IZALE Financial Group.

[Contact Jessie to Register »](#)



New ACH Rules Take Effect Today

The following new ACH rules from Nacha take effect on Wednesday, June 30:

- **Supplementing Data Security Requirements:** The ACH Security Framework Rule will now require large, non-FI originators, third-party service providers, and third-party senders to render deposit account information unreadable when it is stored electronically.

- Limitation on Warranty Claims: Limits the length of time in which an RDFI will be permitted to make a claim against the ODFI's authorization warranty.
- Reversals and Enforcement: These two rules will explicitly address improper uses of reversals and improve enforcement capabilities for egregious rules violations.

[Read More Information on the Upcoming Rules »](#)

Congress Votes to Repeal the OCC's True Lender Rule

The U.S. House and Senate voted to repeal the OCC's "true lender" rule, sending the resolution to President Biden to be signed into law.

OCC's much needed rule created a standard to determine when a bank is the "true lender" in partnering with a third party. Under the rule, banks were deemed true lenders if they fund the loan or are named as the lender in the loan agreement on the origination date.

CBAI supported the rule, and in a January 20, 2020, comment letter to the OCC stated,

"[T]he ability to sell, assign or otherwise transfer a loan is universally recognized as a crucial risk management tool which enhances the safety and soundness of financial institutions particularly in times of stress. ... This management tool would be significantly weakened if the interest on assigned loans to third parties was uncertain."

The resolution repealing the rule bars the OCC from issuing a new rule in "substantially the same form" unless there is a change in the law. CBAI looks forward to working with Congress to preserve these important "true lender" rights and protections for community banks without enabling the use of rent-a-bank schemes which permit some financial service providers the ability to avoid state usury laws and potentially harm consumers and small businesses.

[Read CBAI's Comment Letter to the OCC »](#)



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of Chicago**

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Change in Leadership at the FHFA

A recent Supreme Court decision permitted President Biden to replace Mark Calabria as director of the Federal Housing Finance Agency (FHFA). He promptly appointed Sandra Thomas as the acting director. Thomas has served at the FHFA as a deputy director since 2013, and prior to that spent 23 years at the FDIC in a variety of leadership positions. The change in leadership at the FHFA will better align the Agency's policies to the Biden Administrations' housing objectives.

CBAI recently urged the U.S. Department of the Treasury and the FHFA (together Agencies) to provide mortgage originators reasonable flexibility in working with the Fannie and Freddie Mac, following the Agencies' approval of harsh new restrictions, by increasing the percentage thresholds on certain loans sold to the GSEs, delaying the implementation of any restrictions, and ensuring that any future changes or restrictions of similar magnitude are subject to notice and comment to inform the Agencies and minimize any unintended consequences.

CBAI looks forward to working with Acting Director Thomas to ensure FHFA policies help community banks serve their customers and communities.

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

Donate to the Community BancPac Live & Silent Auctions

The Community BancPac Live and Silent auctions are back! Made possible by the generosity of leading community bankers, this is always a fun filled event that kicks off CBAI's Annual Convention. Last year's raffle with virtual drawing was a great way to support Community BancPac, but it lacked the pizzazz of a live gathering of community bankers. Now that we can all join together safely again, let's make this year's auctions our best ever. It all starts with you!

We encourage you to think locally when deciding what items you will donate to the cause. There are great craftsmen, artists and retailers in your communities. The Community BancPac auction is a great way to support local businesses while showcasing what the amazing products your community makes to your fellow bankers.

If shopping is not your thing, you can still make a cash donation that will allow CBAI staff to purchase popular items for the auction and credit your financial institution for the item donation. This year, we are asking anyone that makes a cash donation to consider allowing your funds to be combined with other financial institutions to purchase higher priced items. All financial institutions will be credited with the item donation they contributed to in the auction booklet and on the bid sheet. Please check the box on the donation form if you are willing to combine funds.

[Download Auction Donation Form »](#)

2021 Directory of Illinois Financial Institutions is Now Available

The 2021 Directory of Illinois Financial Institutions is now available! A complimentary directory was mailed out to all CBAI member banks. If you would like to purchase an additional copy, please visit www.cbaidirectoryonline.com.



Bowman: PPP Depended on Community Banks

Community banks were instrumental in helping small businesses navigate the Paycheck Protection Program, Fed Governor Michelle Bowman said. Bowman said that while some small businesses struggled with the PPP application process—especially those without existing banking relationships—community banks and Community Development Financial Institutions made a concerted effort to meet small-business needs.

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Federal Reserve Issues Advance Copy of the *FedNow Service Readiness Guide*

The Federal Reserve has released an advance copy of its FedNow Service Readiness Guide to the members of the FedNow community. The guide is designed to help financial institutions and service providers that wish to implement and use the FedNow Service. The initial release of this guide includes 11 topics that provide insights into how the FedNow Service will work, questions to consider, and ideas for gaining value from the service.

CBAI and the ICBA have long advocated for the Federal Reserve's FedNow Service and its swift implementation. FedNow will provide a competitive alternative, for the benefit of community banks and their consumers, versus The Clearing House's RTP, which is owned and controlled by the largest financial institutions.

This guide highlights how implementing the FedNow Service, which provides customers with 24/7/365 access to payments, will impact many areas of a community bank. The informed reader will quickly understand the need to plan well ahead of the rollout of this new service internally and with their various service providers, their correspondent bank, and the Fed, to process and clear these payments in real-time.

[FedNow Readiness Guide »](#)



Biden Meets with Financial Regulators

Federal financial regulators met with President Joe Biden. A White House readout of the meeting said:

- They discussed how to build on the economic turnaround.
- The regulators reported that the financial system is strong, financial risks are being mitigated by robust capital and liquidity levels, and household balance sheets are healthy.

The regulators said they were making steady progress on the president's executive order on climate-related risk and discussed ideas for promoting financial inclusion and access to credit.

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Powell Testimony: Fed Unlocked \$2T During Pandemic

The Federal Reserve helped unlock more than \$2 trillion in funding to support businesses, nonprofits, and state and local governments during the pandemic, according to testimony from Fed Chair Jerome Powell for a hearing today. Ahead of today's House Select Subcommittee on the Coronavirus Crisis hearing, Powell's testimony notes that market conditions improved once lenders and investors understood that borrowers would have access to emergency loans.

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HMDA Relief Reflected in 2020 Reporting Data

The Federal Financial Institutions Examination Council released 2020 Home Mortgage Disclosure Act data showing the impact of regulatory relief on HMDA reporting. The FFIEC said that among the 22.7 million reported home loan applications, 20.4 million were closed-ended, 1.7 million were open-ended, and 563,000 were not reported either way due to the S. 2155 regulatory relief law's partial exemptions. Further, reporting institutions decreased by roughly 18.8 percent from the previous year to 4,475. The decline was largely due to the Consumer Financial Protection Bureau's ICBA-advocated 2020 final rule quadrupling the HMDA reporting threshold for closed-end mortgage loans from 25 to 100 loans.

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Harland Clarke: Hanging Up Happy: How to Turn Contact Centers into Customer Satisfaction Centers

As customer satisfaction becomes the leading driver of a financial institution's success, outsourcing contact center services has evolved from a liability with a negative connotation to a competitive advantage for institutions focused on customer service.

So how do you ensure account holders hang up happy after every call? And how do you identify the right supplier to help make it all possible? Discover how properly executed outsourcing can be the key to the customer satisfaction and competitive advantage you've been seeking.

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Kasasa: The Game is Changing. Are Your Lending Strategies?

There's no doubt about it, 2020 was one crazy year. We're talking ups and downs like we've never seen before. Some sides of the community financial institution boomed. For instance, the commercial space killed it. Mortgage and refi were also rocking. However, consumer lending definitely had a rough go of it. Sure, deposits increased, but balance

sheets saw a major shift with a lot of debt being refinanced at lower rates. So now there are massive amounts of capital combined with super low rates on loans — and margins are completely compressed.

Well, now that things are stabilizing a bit, all eyes are on 2021 and how to increase lending — and decompress those margins. But it's not as easy as just saying let's go get some loans. The entire landscape has changed with FinTechs like Quicken, Chime, and others originating an estimated 50% of loans, according to in-house lending experts — with no signs of slowing down. So how do community financial institutions up their loan game?

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CBIS: Ransomware is a Business

For the second time in as many weeks, we heard of a devastating cyberattack on our infrastructure. The first was on our gas supply via Colonial Pipeline along the southeast seaboard, and the second was JBS, one of the largest meat suppliers with more than 150 plants and operations in 15 countries. The attack could lead to more shortages and raised prices at a time when consumers are already paying 6.1% more for beef from a year ago, due in part to high demand and labor shortages during the pandemic. Ransomware attacks are real, and we've seen the result of interrupted business across the country. These attacks pose a true national security threat. The financial sector, our community banks' safety, is uppermost in our risk management efforts.

[Read More from CBIS »](#)

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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.

Bank Secrecy Act/Anti-Money Laundering: Updated Sections of the FFIEC BSA/AML Examination Manual

The Federal Financial Institutions Examination Council (FFIEC) updated the following sections of the FFIEC Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Examination Manual: "International Transportation of Currency or Monetary Instruments Reporting," "Purchase and Sale of Monetary Instruments Recordkeeping," "Reports of Foreign Financial Accounts," and "Special Measures." These revisions reflect the Office of the Comptroller of the Currency's continued commitment to, and leadership on, interagency reform efforts that improve the effectiveness and efficiency of the BSA/AML regime and reduce unnecessary burden on banks.

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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: Illinois Supreme Court Strikes Down Mortgage Foreclosure Filing Fees

In an opinion issued June 17, 2021, the Illinois Supreme Court ruled that the statute requiring mortgagees to pay a foreclosure filing fee when initiating a mortgage foreclosure case was unconstitutional. As a result, the \$50 (for most community banks) filing fee that has been paid by foreclosing mortgagees to the Clerk of the Circuit Court is now history.

[Read Most Recent CBAI LEGAL »](#)



**August 17 - 18, 2021
CBAI, Springfield**

By attending this valuable program, new lenders will gain knowledge about these regulatory compliance issues and how to properly comply with them.



Agricultural Lenders School
SHAZAM Education Center, CBAI Springfield
July 27 - 29, 2021



MORE UPCOMING EDUCATIONAL PROGRAMS

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

Registration is open for CBAI's 47th Annual Convention & Expo, scheduled for September 23-25, 2021, at the Marriott Marquis, Chicago, IL. 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 Teams with ICBA and Community Banker University to Offer New Online Education Program

Community Bankers Association of Illinois has teamed with the Independent Community Bankers of America® and Community Banker University to offer CBAI members an award-winning online learning management system at a special CBAI member price.

This new training program makes it easier than ever before for community banks to automate, monitor, and measure staff regulatory compliance training. Other key features include:

- 350+ online training courses that can be used to onboard, upskill, and reskill staff, with new and updated courses added frequently.
- Anytime, anywhere on-demand learning.
- No limit caps on the number of employees enrolled in the platform.
- Powerful reporting and automation capabilities so that you are always prepared for bank examiners.
- Peace of mind that all coursework reflects the latest regulatory guidelines and recommendations.

Introducing a New Education Program for CBAI members!

Train your team with this award-winning online training platform built for community bankers.

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