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Association
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One Mission. Community Banks.

CBAI E-Newsletter, sponsored by **SHAZAM**
January 29, 2020

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IN THE NEWS

2020 CBAI Compensation Survey Now Available Online

Ensure your bank has the competitive edge in recruiting top talent! Complete the 2020 Compensation Survey quickly and easily by April 15, 2020, 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.

[Complete the Survey »](#)

Econocheck Testimonial

Read what June Kidd, President/CEO of The First National Bank of Tremont has to say about Econocheck's "Thank You" Program!

NEWS FROM THE FRONT

The Illinois General Assembly began the Spring legislative session this week with Don Harmon taking over as the new Senate President following the retirement of Sen. John Cullerton. Registration is now open for CBAI's 36th Annual Capital Conference and the Legislation and Regulation Committee and CBAI board have approved our 2020 legislative agenda. We have updates on cannabis and industrial hemp banking and the new minimum wage tax credit. We have produced documents to assist in your board reporting including updated 2019 legislative accomplishments, a 2020 legislative preview, and the value proposition of Community BancPac and CBAI FedPac contributions. We also have the latest notes from Springfield and Washington D.C. in the latest edition of NEWS FROM THE FRONT.

[NEWS FROM THE FRONT »](#)

CBAI Announces After-Dinner Presentation at 2020 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 or Ben Hayden from SHAZAM**. They cover the anatomy of a debit card and how fraudsters are stealing this information with the use of skimming devices at ATM's, 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).

[Learn More »](#)

CBAI Urges the OCC to Codify the "Valid When Made" Loan Interest Rate Principal

CBAI urged the Office of Comptroller of the Currency to codify the "valid when made" loan interest rate principal which has been called into question by a United State Court of Appeals for the Second Circuit (Madden v. Midland Funding, LLC). This principal states that when a bank sells, assigns or otherwise transfers a loan, the interest permissible prior to the transfer continues to be permissible following the transfer. CBAI believes that the ability to sell, assign or otherwise transfer a loan is universally recognized as a crucial risk management and liquidity 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 were uncertain for fear of violating state usury caps.

[Read CBAI Comment Letter »](#)

CBAI Provides CFPB with Guidance on Upcoming TRID Assessment

On January 21, 2020, the Community Bankers Association of Illinois (CBAI) commented on the Consumer Financial Protection Bureau's (Bureau) proposal to conduct a Dodd-Frank Act-required TRID Assessment. CBAI was critical of the Bureau's past rulemaking which has driven many community banks away from residential mortgage lending. CBAI highlighted disturbing FDIC findings about how nonbanks (followed by large banks) now dominate and combine for 75% of originations. It is inconceivable to believe that American consumers are best served by nonbanks and large banks rather than community banks whose business model is characterized by responsible underwriting and reasonable resolutions with borrowers. CBAI urged the Bureau to make greater use of their authority to exempt community banks in rulemaking which would encourage community banks to either return to or expand their residential mortgage lending activity.

[Read CBAI Comment Letter »](#)



The "C" Conference

Essential Training for C-Level Community Bankers

February 19, 2020
Crowne Plaza, Springfield, IL

OCC Issues Notice of Charges Against Five Former Senior Wells Fargo Bank Executives, Announces Settlement with Others

The Office of the Comptroller of the Currency (OCC) recently issued a notice of charges against five former senior executives of Wells Fargo Bank, N.A., Sioux Falls, South Dakota, and announced settlements with the bank's former chief executive officer (CEO) and other members of the bank's operating committee. The charges stem from the executives' role in the bank's systemic sales practices misconduct. The notice of charges alleges these executives failed to adequately perform their duties and responsibilities, which contributed to the bank's systemic problems with sales practices misconduct from 2002 until October 2016. The misconduct of these individuals allowed the practices to continue for years, affecting millions of bank customers and thousands of lower level bank employees.

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Registration Open for FHLB Chicago Spring Member Meetings

You're invited to attend the 2020 FHLBank Chicago Member Meetings this spring. Hear from an economic expert as they discuss the economic and mortgage outlook for the year, gain strategies for navigating the ever-changing financial landscape, hear about trends in retail banking, and learn more about the customized products and solutions FHLB has to offer you.

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NCUA Proposal Would Allow Largest Credit Unions to Issue Debt

ICBA expressed strong opposition to a National Credit Union Administration proposed rule that would allow the largest and most complex credit unions to issue subordinated debt as an alternative form of capital. Under the proposed rule, which ICBA called on the NCUA to withdraw, the subordinated debt instruments would count toward qualifying credit unions' risk-based net-worth requirement. The NCUA said 2,618 low-income credit unions are currently permitted to issue subordinated debt, and the proposal would add an additional 285 complex and new credit unions representing \$730 billion in assets.

[Read Proposed Rule »](#)

Deadline to Submit Entries for CBAI's 2020 Foundation Annual Essay Contest is March 4!

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 4, 2020.**

[More Information »](#)

House Passes ICBA-Backed Minority Bank Bill

The House passed ICBA-supported legislation that would create a Treasury Department program for larger banks to mentor minority depository institutions and community banks under \$2 billion. Introduced by Rep. Joyce Beatty (D-Ohio), the Expanding Opportunity for Minority Depository Institutions Act (H.R. 5315) passed on a voice vote. ICBA continues to advocate House passage of a separate bill to streamline the Community Development Financial Institution application and recertification processes for community banks and establish a new "Impact Bank" designation for qualifying banks serving low-income borrowers.

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Order Free Marketing Materials for Community Banking Week in Illinois!

April 5-11, 2020, is the 30th Anniversary of Community Banking Week in Illinois! This year's theme is "Always Community-Focused." Invite the friends and neighbors of your community bank to help celebrate the independent spirit that is the hallmark of locally-run banks. For your FREE marketing kit, contact Bobbi Watson at bobbiew@cbaicom today!

[Learn More »](#)

ICBA Requests Comment Extension on CRA Reform

ICBA and other organizations asked the OCC and FDIC to extend the comment period on their proposed rule to amend Community Reinvestment Act regulations. In a joint letter, the organizations requested a 60-day extension to allow for a 120-day comment period to reflect the complexity of the proposed rule. Comments are currently due to the agencies by March 9.

[Read More »](#)

Fed Study Shows Debit Transactions as Opportunity for Community Banks

Debit is influencing much of the recent growth in payments, ICBA notes in its latest Payment Executive Brief. Citing Federal Reserve data showing that consumers used debit cards almost twice as often as credit cards in 2018, the brief offers several ways community banks can take advantage of debit opportunities at the point-of-sale and online.

[Read More »](#)

OCC Issues Statement on Heightened Cybersecurity Risk

The OCC is issuing a statement to remind banks of sound cybersecurity risk management principles that elaborate on existing interagency standards and resources, such as the FFIEC Statement on Destructive Malware. When banks apply these principles and risk mitigation techniques, they reduce the risk of a cyber attack's success and minimize the negative impacts of a successful disruptive and destructive cyber attack.

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Participate in the "Dress Down" Campaign Benefitting CBAI's Foundation Scholarship Program

CBAI encourages your bank to hold a "dress down" day for your staff benefitting CBAI's Foundation for Community Banking scholarship program. Choose any day in 2020 and ask your employees to donate a minimum of \$5 to the Foundation to dress casually. Participating banks will be recognized for their support in Banknotes magazine and at CBAI's convention! Your donations help fund the Foundation's 31 scholarships offered every year to high school seniors, the children and grandchildren of community bankers, and CBAI's Community Bankers School students. (All Foundation donations are 100% tax deductible). To find out more information on participating in "Dress Down for the Foundation," contact Valerie Johnston at cbaicom@cbaicom.com or by phone at 800/736-2224. Please send donations to: CBAI Foundation, 901 Community Drive, Springfield, IL 62703.

CBAI LEGAL: Ownership of Insurance Policies by State-Chartered Banks

Having never been rescinded, a series of four Interpretive Letters published by the Illinois Commissioner of Banks & Trust Companies (now, the Illinois Department of Financial & Professional Regulation's Division of Banking) continue to provide guidance on when a state-chartered bank is, or is not, authorized to purchase and retain life insurance policies.

[Read CBAI LEGAL »](#)



Operations
&
Technology
Groups
2020



CBAI's
2020
CFO
Forums

MORE UPCOMING EDUCATIONAL TRAINING

Ag Lenders Conference Scheduled for February 4th

CBAI is pleased to offer the annual "Ag Lenders' Conference" at the Northfield Center in Springfield on February 4, 2020. This jammed-packed day looks at a variety of issues facing agricultural lenders. Attend CBAI's 2020 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 agenda features **Eric Snodgrass, principal atmospheric scientist, Nutrien Ag Solutions, Champaign, IL; Dr. David Kohl, professor emeritus of agricultural & applied economics, Virginia Tech, Blacksburg, VA; Chip Nellinger, president, Blue Reef Agri-Marketing, Inc., Morton, IL;** and an industrial hemp panel discussion with growers, processors and regulators. A mini-expo featuring the latest in products and services for ag lenders also highlights the day.

[Register Today »](#)

IRA Institute Set for February 11-12 in Springfield

This program begins with the basics and builds to an intermediate level. Many times people are trained on IRAs but the training they receive is brief and sketchy at best. With a two-day format, this program allows you to take the time to get comfortable with the rules, and to ask questions about "How?," "What if?," "Why?," and, just as importantly, "Why not?" While not attempting to make you a tax advisor, this program looks at tax implications of traditional and Roth IRAs to enable you to feel very confident that you'll know when to say, "Yes, I can answer that question," and when to say, "Go see your tax advisor." This program is led by Robert D. Skomars, consultant at Wolters Kluwer.

[Register Today »](#)

[VIEW CBAI'S EVENTS CALENDAR HERE](#)

NEWS FROM SERVICES

The Baker Group: Baker Market Update

This week's calendar is full of potentially market-moving data reports. The investing world will be receiving a panoply of fresh statistics on all things economic. The topics to be reported cover everything from home sales to GDP to inflation to consumer sentiment to manufacturing and business spending, just to name a few. There's even an FOMC meeting this week. The question at the week's outset has become: Will any of it matter?

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Wolters Kluwer: Recently Enacted SECURE Act Includes Important Changes to Individual Retirement Accounts

The SECURE Act, which was part of the funding bill signed by President Trump on December 20, 2019, includes numerous provisions that will impact individual retirement accounts. One of the more significant changes is a provision which changes when IRA owners must begin taking required minimum distributions. CBSC preferred provider Wolters Kluwer offers a general overview of those provisions and what banks must do to be compliant with their IRA offerings.

[Read More »](#)

The CBAI 401(k) MEP enables member banks to offer small business customers easy and affordable access to retirement programs that comply with the Illinois Choice Act and U.S. SECURE Act. For more information, contact Nathan White, CFO at MSTC, via email at nwhite@midwesternsecurities.com or telephone at 800/732-8601.



CBAI Connected to Community Banking is sponsored by SHAZAM

READY. SET. ELEVATE.

Are you looking for a professional conference close to home? Join us in Des Moines, IA, for the 2020 SHAZAM Forum, April 14 – 16. We've got 2 ½ days filled with breakout sessions, entertainment and networking specifically designed for community banks like yours. [Register before January 31 for early bird pricing.](#)

CBIS: Cannabis Industry Tops News Interest Lately Over Cyber

Everyday cannabis is in the news. In a way, it's somewhat of a welcome change from cyber-attacks.

Our focus regarding cannabis is upon community banks as employers. Some insurers are attaching specific cannabis-based business exclusions for property and liability exposures, and yet other insurers are contemplating specific new offers of coverage.

[Read More from CBIS »](#)

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