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Community Bankers Association of Illinois

One Mission. Community Banks.

CBAI E-Newsletter, sponsored by SHAZAM

March 25, 2020

NEWS

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IN THE NEWS

Visit CBAI's Website for Guidance During COVID-19 Crisis

CBAI's website offers various resources and guidance for community banks regarding the COVID-19 crisis. Find the results of our member survey regarding the response of community banks to the outbreak, protocols and best practices from your fellow community bankers, talking points to inform and reassure your customers, the link to our free webinar on pandemic preparedness, links to additional resources, and much more.

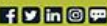
[CBAI Guidance During COVID-19 Crisis »](#)

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ICBA and CBAI Advocated Policies Included in Senate Stimulus Bill

With ICBA and community banks working tirelessly all week and over the weekend to include pro-growth policies in stimulus legislation responding to the coronavirus outbreak, the Senate's bipartisan agreement includes several ICBA-advocated measures. Rebeca Romero Rainey discussed the latest ICBA efforts in her most recent communication.

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Agencies: Coronavirus Loan Modifications are Not TDRs

Federal and state banking regulators said Sunday that they will not direct supervised institutions to automatically categorize coronavirus-related loan modifications as troubled debt restructurings.

In an interagency statement supplementing recent guidance encouraging financial institutions to work constructively with borrowers, the agencies said short-term modifications made on good faith in response to COVID-19 to borrowers who were current prior to any relief are not TDRs.

This includes short-term modifications—for example, six months—such as payment deferrals, fee waivers, extensions of repayment terms, or other delays in payment that are insignificant.

This guidance follows a March 13 interagency statement and the FDIC's March 19 release of frequently asked questions on loan modifications and other topics. ICBA has been urging the agencies to provide maximum flexibility for loan modifications, including not considering COVID-19 modifications to be TDRs.

Note: Provisions to codify this policy are also included in the U.S. Senate Stimulus Bill.

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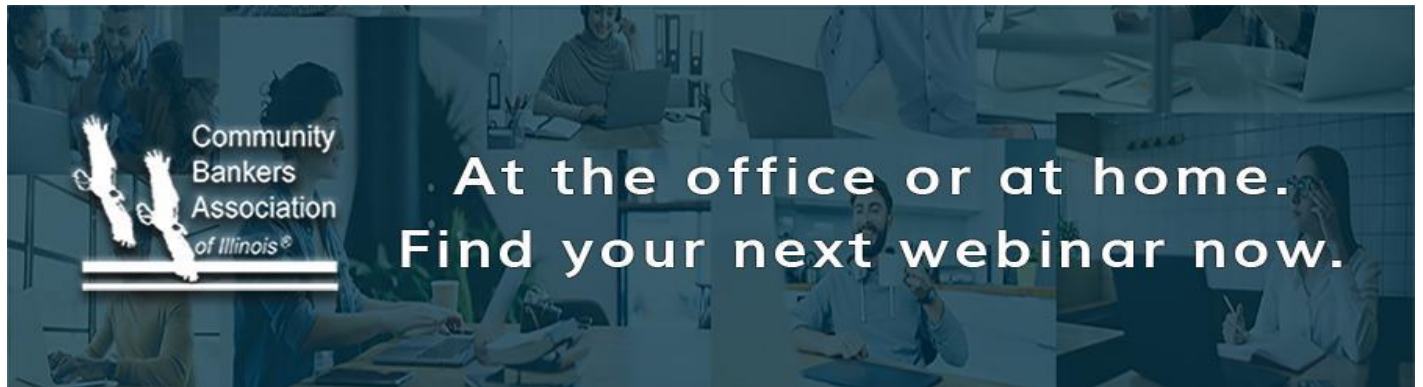
CBAI Cancelled Capital Conference, Call on Washington and CDD Spring Meeting

Due to the coronavirus pandemic and the ever growing abundance of caution, the Secretary of State's Office, which manages the Capitol Complex, cancelled group tours, rallies and other group events held in the Capitol and Capitol office buildings. This includes lobby days, such as CBAI's Capital Conference so, unfortunately, CBAI has cancelled the 2020 Capital Conference.

This year, CBAI's Career Development Division (CDD) was planning to hold their Spring Meeting in conjunction with Capital Conference. Because of the many cancellations, and CDC limit on large groups, CDD has decided to postpone their meeting which was scheduled for April 22-23. The CDD Board will continue to monitor the situation and if they are able to reschedule the event at a later date, they will do so.

Additionally, ICBA recently sent out an email cancelling their Washington Summit scheduled for April 28-May 1. With that, CBAI is cancelling this year's Call on Washington, which traditionally dovetails with the ICBA Summit.

CBAI's Governmental Relations Department plans to provide tools in coming weeks to assist community bankers in remotely advocating on behalf of the community banking profession. It will be critical after this crisis to let our elected officials know what tools we will need to assist our customers in their recovery.



ICBA to Waters: Community Banks Responding to Coronavirus

ICBA spotlighted how community banks are responding to the COVID-19 emergency in a letter to House Financial Services Committee Chairwoman Maxine Waters (D-Calif.). Responding to a request from Waters, ICBA said community banks are reassuring the public that their savings are insured and secure while evaluating loan modifications for troubled borrowers with support from regulators.

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Fed Reducing Exam Activities Proportionate to Bank Size

The Federal Reserve Board provided additional information on how it is adjusting its supervisory approach due to the coronavirus. The Fed said it will temporarily reduce its examination activities, with the greatest reduction in activities occurring at the smallest banks. The Fed also said additional time will be granted for resolving non-critical existing supervisory findings. Meanwhile, large banks are still expected to submit capital plans under the Comprehensive Capital Analysis and Review by April 6.

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New FMLA Families First Requirements for Paid Leave Effective April 1, 2020 Webinar Set for March 30

In addition to the changes to business strategies, operations, loan servicing guidelines, staffing models and service delivery methods, you must also prepare for big changes in employee leave practices! On March 18, 2020, President Trump signed into law H.R. 6201, known as the Families First Coronavirus Response Act (the Act), in response to the COVID-19 crisis. It provides for employer-paid leave to employees from April 1, 2020, through the end of the year. The Act creates two distinct types of employee leave rights: emergency paid sick leave and public health emergency leave. You must understand the coverage details and eligibility requirements of both. The coverage afforded to employees could include up to twelve weeks of paid leave — in addition to any required paid sick, family or medical leave under your state law. The world is moving incredibly fast, and you need to stay ahead of the employment law compliance curve. Join us to learn the requirements for emergency paid sick leave and new family and medical leave provisions of the Act.

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Labor Department Issues Leave Guidance for Coronavirus Law

The Labor Department released guidance on how employees and employers may use the protections and relief under the Families First Coronavirus Response Act when it takes effect April 1. The law offers American businesses with fewer than 500 employees funds to provide employees with paid leave for their own health needs or to care for family members. The guidance addresses questions such as how employers determine coverage; how small businesses can obtain an exemption; how to count hours for part-time employees; and how to calculate wages.

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Wolters Kluwer: Clarification Regarding 2019 IRA, HSA Regular Contribution Deadline

IRS Notice 2020-18 was posted to the IRS website March 21, 2020 and pertains to the agency extending to July 15, 2020 the filing deadline for individual income tax returns. **CBSC Preferred Provider Wolters Kluwer** explains that the IRS posted on March 24 its Filing and Payment Deadlines Questions and Answers, which specifically states that the deadline for individuals to make 2019 IRA and HSA regular contributions has also been extended to July 15, 2020.

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[Filing and Payment Deadlines Questions and Answers »](#)

[IRS Notice »](#)



Deadline Extended to April 30 to Complete the 2020 CBAI Compensation Survey

Ensure your bank has the competitive edge in recruiting top talent! Complete the 2020 Compensation Survey quickly and easily by April 30, 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.

[More Information and Complete the Survey »](#)

Agencies Clarify Use of Capital, Liquidity Buffers

Federal regulators jointly issued an interim final rule that revises the definition of eligible retained income for institutions subject to the agencies' capital rule. The revised definition is intended to strengthen the incentives for banking organizations to use their capital buffers as intended in adverse conditions. The rule revises the definition to the greater of (1) a banking organization's net income for the four preceding calendar quarters, net of any distributions and associated tax effects not already reflected in net income, and (2) the average of a banking organization's net income over the preceding four quarters.

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CRA Consideration for Coronavirus Response

Federal banking regulators continued their response to the coronavirus outbreak, clarifying that they will provide favorable Community Reinvestment Act consideration of certain activities related to the national emergency. The agency announcement follows several recent steps to improve flexibility during the outbreak. The FDIC has said it will work to reduce exam burdens and will conduct supervisory activities off-site for at least two weeks. Regulators have also encouraged banks to use their capital and liquidity buffers as they respond to the outbreak.

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Lawmakers, State Regulators Back CECL Delay

Members of Congress and state regulators echoed FDIC Chairman Jelena McWilliams' call for the Financial Accounting Standards Board to postpone implementation of the Current Expected Credit Losses accounting standards. A bipartisan group of House Financial Services Committee members and the Conference of State Bank Supervisors separately expressed support for McWilliams, who said the CECL accounting changes could strain the ability of some banks to serve their communities in a time of need.

Note: Language to delay CECL is included in the U.S. Senate Stimulus Bill.

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CBAI is offering a FREE on-demand webinar to CBAI Members!
Pandemic Preparedness: Managing Coronavirus & Other Epidemics, available now.

Federal Housing Finance Agency Calls for Flexibility in Appraisals and Employment Verification

FHFA Release: To facilitate liquidity in the mortgage market during the coronavirus national emergency, the Federal Housing Finance Agency (FHFA) directed Fannie Mae and Freddie Mac (the Enterprises) to provide alternative flexibilities to satisfy appraisal requirements and employment verification requirements through May 17, 2020. To allow for homes to be bought, sold, and refinanced as our nation deals with the challenges of the coronavirus, the Enterprises will leverage appraisal alternatives to reduce the need for appraisers to inspect the interior of a home for eligible mortgages.

In addition, in the event lenders cannot obtain verbal verification of the borrower's employment before loan closing, the Enterprises will allow lenders to obtain verification via an e-mail from the employer, a recent year-to-date paystub from the borrower, or a bank statement showing a recent payroll deposit. Lenders should continue to utilize sound underwriting judgment to ensure these alternatives are appropriate to the borrower's circumstances.

[FHFA Coronavirus Resource Page »](#)

FHA: Servicers Should use Loss-Mitigation Options

The Federal Housing Administration is working to avoid disruptions to business activities but expects some processing delays, FHA Commissioner Brian Montgomery said. In an online video, Montgomery said FHA single-family servicers remain obligated to offer the full suite of FHA's loss-mitigation options to distressed borrowers to help prevent foreclosures.

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ICBA Urges Transaction Account Guarantee

ICBA is calling on Congress to replicate the Transaction Account Guarantee program that provided a backstop for transaction accounts. In its recommendations for Capitol Hill to stimulate the economy, ICBA said the TAG program helped stabilize the financial system and support the flow of credit at no cost to taxpayers.

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Community Banking Week is April 5-11, 2020: New Ways to Celebrate

Community Banking Week is coming up, and although many of your planned celebrations and activities will need to be postponed, this year's theme holds true now more than ever. Community banks are *Always Community-Focused*. Community Banking Week is a perfect opportunity to let your customers know that community banks will always be there for them. So with the current environment, how can you still celebrate community banking week? Read more for suggestions. Then share with us how your bank is celebrating.

We want to share what your bank is doing on our Facebook page and in our Banknotes magazine. Contact Valerie Johnston at valeriej@cbai.com.

[Suggestions on How to Celebrate »](#)

[Read News Release »](#)



Like CBAI's Facebook Page by March 31 and You Could Win \$100!

Like CBAI on Facebook by March 31, 2020, and we will enter you into a drawing for \$100! Visit us on Facebook at www.facebook.com/CommunityBankersofIL. (If you have previously liked our Facebook page, you are already automatically entered in the drawing!)

Then, let us know what your bank is doing! From community events to recent hires and retirements, let us know the happenings at your bank! We want to share your news with community bankers around the state on our Facebook page! Contact Valerie Johnston at valeriej@cbai.com or tag us in your post!

We Need Your Stories!

Community bankers are most comfortable when they put their heads down and go to work. We know you do amazing things for your customers and communities but you rarely stop to take credit. But in the coming days and months, we need to tell your stories. Our nation is headed for difficult financial times. We need to make sure we are reminding everyone that community bankers are the good guys and are helping their customers in need. We can do this by sharing our success stories with policy makers and in press releases. We know it's not in your nature to brag, but in this instance, sharing your victories in helping customers is some of the most effective advocacy we can do for our profession. E-mail Jerry Peck at jerryp@cbai.com.

2Novas: Eight Marketing Considerations during the COVID-19 Crisis

Banks are being hit doubly hard right now, with the reality or soon-to-be reality of shutdowns, at the same time as the economy slows and a zero-rate environment is introduced. As the situation unfolds each day, we've gotten a lot of questions from our banking clients on how to adjust their marketing programs to respond to the crisis.

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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 cbacom@cbai.com or by phone at 800/736-2224. Please send donations to: CBAI Foundation, 901 Community Drive, Springfield, IL 62703.

CBAI LEGAL: Federal Regulators' Policy on Closing of Branches

Branch (or at least branch lobby) closings resulting from the effects of, or concerns about, the COVID-19 outbreak have been the subject of numerous conversations and announcements, including from CBAI, but also present an opportunity to review the branch closing requirements of State and federal regulators.

[Read CBAI LEGAL »](#)



The Federal Home Loan Bank of Chicago

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MORE UPCOMING EDUCATIONAL TRAINING

CBAI's Webinars and On-Demand Links Provide Training without Travel

All CBAI's in-person meetings and courses have been postponed through April 3, 2020. We are working to reschedule these events and will notify you when that happens. All Forums and Groups will be conducted via telephone conference. As always, CBAI is offering a full catalog of live and on-demand webinars on a variety of topics.

Visit www.cbai.com for **Webinars and On-Demand Links** »

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

MORE NEWS FROM SERVICES

CBAI Partners with College Avenue to Offer Student Loan Programs

Community BancService Corporation, Inc (CBSC) recently announced it has partnered with College Ave Student Loans to provide a Private Student Loan Referral Program to CBAI member banks. Now, Illinois banks will be able to offer their customers a full suite of private student loan products supported by top-notch service while avoiding all loan administration responsibility and credit risk.

The referral program gives Illinois' community banks the ability to serve the higher education funding needs of their customers and local communities with a trusted partner in the student loan industry. College Ave is known for competitive interest rates, flexible repayment terms and first-class customer service. Additionally, the online application is easy to complete and submit. Potential borrowers can receive an instant credit decision in less than three-minutes.

For more information about The College Ave Student Loan Program, contact Mike Kelley via email at mikek@cbai.com, or Mike Duke at miked@cbai.com, or call them at 800/736-2224.

FREE Harland Webinar: *The Consumer's Journey Starts with a Question*

Join Harland Clarke on *Thursday, March 26, 2020*, for a free introduction to the Digital Brand Manager, powered by Yext. You will:

- Learn the transformation of search and how it effects your business.
- Understand how digital brand management can change how consumers discover you by managing truthful and consistent online information.
- Manage, monitor and respond to what consumers are saying about you and your business in real time and leverage the importance of online reputation.

[Learn More About Yext](#) »

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The Baker Group to Offer FREE Webinar Entitled Economic Impact and Outlook in the Wake of COVID-19 on March 27, 2020

Dr. Lacy Hunt will offer his assessment of the economy prior to the pandemic, and his analysis of the impact on conditions going forward. Fed policy, the yield curve, and interest rates will be discussed in context. Financial institutions' CEOs, CFOs, investment officers, board members and those who are directly or indirectly responsible for financial management functions benefit from this free webinar.

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CBIS: Offering a FREE Managing Cyber Risk and the Mobile Workforce Webinar

CBIS, a Gallagher Company, is offering a free webinar on April 1, 2020, 1 p.m. CDT, entitled "Managing Cyber Risk and the Mobile Workforce." As the COVID-19 pandemic continues to evolve, an unprecedented number of people are transitioning to working remotely, some in capacities that are being done for the first time. Working remotely brings to light many issues, like network security, use of personal vs. company computers/equipment, home internet/WiFi security, data security and more. This webinar discusses best practices for preventing, mitigating and transferring cyber risk as working from home becomes the new normal.

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The Baker Group: Baker Market Update

Reactions to the pandemic's proliferation and more reactions to those reactions have become the drivers of financial markets while eliminating that drive to the mall. After looking at Tuesday's Retail Sales report from the Census Bureau, it looks like no one's been walking to the mall, either. In February, Retail Sales fell by 0.5% when it was supposed to gain 0.2%. We should all be prepared for more slippage in any measurements involving consumers and consumption.

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CBIS: Frequently Asked Questions Regarding Insurance and COVID-19

We're navigating new waters in the age of COVID-19 pandemic. Each day passes with more and more insurance questions related to the coronavirus. We'll attempt to share the latest information, key coverage and policies, as well as business continuity planning.

[Read More from CBIS](#) »



CBSC Preferred Providers



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