

Connected to Community Banking!



Community Bankers Association of Illinois

One Mission. Community Banks.

CBAI E-Newsletter, sponsored by **SHAZAM** April 8, 2020

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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 »](#)

It's Community Banking Week!

Community Banking Week is April 5-11, 2020, and 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, especially during difficult times. Let us know 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@cbaicom.

YOUR FUTURE. OUR SOLUTIONS.

SHAZAM is a national member-owned debit network, processor and core provider. We serve community financial institutions facing a future full of rapidly changing technology, shifting consumer behaviors and new waves of industry regulations. SHAZAM helps solve these challenges by providing payment solutions, proactive fraud prevention, security services, a core banking solution, advocacy, marketing and more.

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CBAI Urges Productive Modernization of the CRA

In addition to assisting Illinois community banks dealing with the many challenges of the virus crisis, responding to the regulatory rulemaking process continues. CBAI commented to the regulators on April 7, 2020, about their plans to modernize the Community Reinvestment Act (CRA). The CRA was enacted in 1977 and has not been significantly revised since 1995. The CRA needs to be modernized to reflect new technologies and customer preferences in the delivery of banking services. It is also an opportunity to highlight and retain parts of the Act, identify missed opportunities for additional credit, reduce the regulatory burden on community banks, and include for compliance other financial service providers.

[Read More »](#)

CBAI Poll Provides a Snapshot of the Collective PPP Experience for Illinois Community Bankers

CBAI conducted a poll of Illinois community banks to gather a snapshot of their experiences dealing with the Paycheck Protection Program as of Tuesday, April 7. The PPP landscape is changing quickly, but this moment in time provides insight into the community bankers' experience with the program and helps to inform our lobbying efforts with SBA, Treasury and the Illinois Congressional Delegation. Here are a few key points from the polling:

- Ninety-five percent of respondents indicate they will participate in the program.
- Thirty percent of those who've tried to access the SBA portals have been unsuccessful to date.
- The demand by number of applications per bank is fairly evenly spread out:
 - 0-25 33%
 - 26-50 26%
 - 51-100 24%
 - 100+ 13%
- The majority (56%) of banks estimate overall demand at the moment is under \$5 million for their bank.
- While a few banks (5%) are closing loans using internal documents, the majority (56%) are waiting on SBA guidance with a third of bankers (33%) still having no access to the portal.
- Liquidity doesn't appear to be an overwhelming concern. Seventy-two percent of banks report having adequate liquidity on hand to handle current demand before the establishment of a secondary market.

[Full Survey Results »](#)

Agencies Encourage Banks to Consider CARES Act Programs

The FDIC and OCC issued bulletins to advise financial institutions of multiple forms of relief available to small businesses through the Coronavirus Aid, Relief, and Economic Security Act. The FDIC encouraged financial institutions to consider using these programs prudently as they work with small-business borrowers affected by COVID-19.

[Read FDIC Bulletin »](#)

[Read OCC Bulletin »](#)

USDA Issues Update on SFH Program Relief

USDA Rural Development issued guidance on relief for Single-Family Housing Guaranteed Loan Program borrowers under the CARES Act in addition to the 60-day foreclosure and eviction moratorium. Effective immediately upon receiving a forbearance request from a borrower who attests to financial hardship caused by COVID-19, lenders are to provide immediate forbearance of the borrower's guaranteed loan payment for up to 180 days. The initial forbearance period may be extended up to an additional 180 days at the borrower's request.

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Community Banks Needed for Small-Biz Program

Community banks are essential to funneling loans to small businesses to preserve American jobs, Quartz reported. The article notes that community banks fund more than half of U.S. small-business loans and will be needed to successfully implement the Small Business Administration's Paycheck Protection Program.

[Read More »](#)

ICBA Issues FAQs on Coronavirus Response Programs

ICBA launched a new resource page with answers to frequently asked questions about the federal response to the COVID-19 outbreak, including programs authorized by the Coronavirus Aid, Relief, and Economic Security Act.

The new FAQs answer questions related to the Small Business Administration's Paycheck Protection Program, the Federal Home Loan Banks, mortgage lending, loan modifications, Federal Reserve lending support, compliance, and more. ICBA also offers a brief summary of the key community banking provisions of the CARES Act.

[Read More »](#)

Federal Reserve Offers Regulatory Reporting Relief to Small Financial Institutions Affected by the Coronavirus

The Federal Reserve recognizes that small financial institutions may need additional time to submit certain regulatory reports in light of staffing priorities and disruptions caused by the Coronavirus Disease 2019 (COVID-19). The Federal Reserve will not take action against a financial institution with \$5 billion or less in total assets for submitting its March 31, 2020, Consolidated Financial Statements for Bank Holding Companies (FR Y-9C) or Financial Statements of U.S. Nonbank Subsidiaries of U.S. Bank Holding Companies (FR Y-11) after the official filing deadline, as long as the applicable report is submitted within 30 days of the official filing due date.

[Read More »](#)

Agencies Update Guidance on Troubled Debt Restructurings

Financial regulators issued a [revised interagency statement](#) on working with borrowers affected by COVID-19 with additional information regarding loan modifications.

The revised statement clarifies the interaction between the interagency statement issued on March 22 and the ICBA-advocated CARES Act provision ensuring coronavirus-related loan modifications are not classified by regulators as troubled debt restructurings.

To be an eligible loan under section 4013 of the law, a loan modification must be (1) related to COVID-19; (2) executed on a loan that was not more than 30 days past due as of Dec. 31, 2019; and (3) executed between March 1, 2020, and the earlier of 60 days after the date of termination of the National Emergency or Dec. 31, 2020.

The statement says the agencies' examiners will exercise judgment in reviewing loan modifications, including TDRs, and will not automatically adversely risk-rate credits that are affected by COVID-19.

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CBAI's 2020 Compensation Survey

How does your bank measure up?

FHLB Announces Updates to Mortgage Partnership Finance Program

We have had increased interest for information related to the COVID-19 policy changes made by the Mortgage Partnership Finance™ program team. We thought it would be helpful to share with you some direct links to up to date information on those changes. As you may know, some of the highlights for MPF loans on balance sheet are:

- Evictions and foreclosures are suspended for 60 days;
- Ninety days forbearance offered for COVID-affected borrowers;
- Employment verification requirements have been eased for originators;
- Credit reporting during a forbearance plan has been suspended;
- Actively working with borrowers to determine eligibility for loan modifications;
- Encouraging servicers to waive late fees.

With changes being fluid, we are recommending the best way to stay abreast of continued updates is to sign-up for the Announcement Letters through our MPF Communications page.

[Mortgage Partnership Finance™ Communications Website »](#)

Agencies Announce Optional CECL Delay

Federal regulators announced an optional extension of the regulatory capital transition for the Current Expected Credit Loss accounting standard. The interim final rule allows banking organizations that are required to adopt CECL this year to delay for two years the estimated impact of CECL on regulatory capital. This is in addition to the three-year transition period already in place. Alternatively, banking organizations can follow the capital transition rule issued by the banking agencies in February 2019. The interim rule is effective immediately, and the agencies will accept comments for 45 days.

[Read More »](#)

USDA Lays Out Ag Producer Eligibility for PPP

Certain agricultural producers, farmers, and ranchers whose principal place of residence is in the United States are eligible for the Paycheck Protection Program, the USDA confirmed in frequently asked questions on the COVID-19 outbreak.

According to the FAQs, farms with 500 or fewer employees or with \$1 million or less in average annual receipts are eligible for the PPP.

Additionally, farms can qualify if they meet the SBA's "alternative size standard," which requires: (1) a maximum net worth of not more than \$15 million, and (2) average net income federal income taxes of not more than \$5 million for the two full fiscal years before the date of application.

The relevant questions and answers are listed under "Paycheck Protection Program" on the [USDA's FAQs](#).

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NEED HAND SANITIZERS?

Clean hands prevent germs from spreading.

1 oz Antibacterial Hand Sanitizer

Fight germs at home or on the go with this antibacterial hand sanitizer, packaged in a 1 oz / 29 ml bottle. Keep your hands clean with this handy accessory; perfect for anyone looking to fight germs anywhere at any time. Full color decal imprinting is available to emphasize your customized retail look. Comes in a clear bottle and has a citrus scent.

QUANTITY: 1,000 piece minimum
PRICE: \$1.49 per unit
SETUP: \$50.00



Community Banking Month Honors Local Lending Heroes Amid COVID-19

ICBA is honoring Community Banking Month in April by recognizing the role of community banks in helping their customers and communities through the COVID-19 pandemic.

"The spirit of our industry is shining through in incredible ways," ICBA President and CEO Rebeca Romero Rainey said in a national news release going out today that community banks can customize for their communities.

ICBA is noting that community banks from coast to coast are demonstrating their flexibility to address the financial needs of their customers while performing acts of service in their communities. ICBA also released a new video in honor of ICBA Community Banking Month to demonstrate the community bank commitment to local communities. Meanwhile, ICBA is promoting its annual National Community Bank Service Awards and encouraging consumers to find a community bank on ICBA's Bank Locally page.

[Read Press Release »](#)

[Watch Community Banking Month Video »](#)

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 »](#)

Labor Department Issues Regs on New Leave Law

The Labor Department posted a temporary rule issuing regulations under the Emergency Paid Sick Leave Act and Emergency Family and Medical Leave Expansion Act, effective immediately. 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 department's Wage and Hour Division posted a recorded webinar on Friday, April 3.

[Read More »](#)

Young & Associates: Information for Financial Institutions regarding COVID-19

Given the current, evolving situation regarding COVID-19, Young & Associates, Inc. would like to provide you with practical information that might assist you during this challenging time.

These articles are written by our consultants, who provide a level of expertise gathered over 41 years. In their consulting engagements, they closely monitor the regulatory environment and best practices in the industry, develop customized solutions to our clients' needs, and prepare detailed and timely reports to ease implementation moving forward. Many of our consultants and trainers have come to the company directly from positions in financial institutions or regulatory agencies where they worked to resolve many of the issues that our clients face daily.

[Dealing with Pandemic Disruption »](#)

[Loan Modifications: A Proactive Approach for Working with Borrowers Impacted by Coronavirus \(COVID-19\) »](#)



CBAI 401(k) MEP Offers Webinar on the CARE Act Implications for Your Retirement Plan and Participants

The President has signed the Coronavirus Aid, Relief and Economic Security (CARES) Act into law. The CARES Act is the third round of federal government support in the wake of the coronavirus crisis and associated economic fallout. It provides further support to both individuals and businesses experiencing financial consequences as a result of COVID-19.

To better understand the CARES Act provisions, CBAI 401(k) MEP program is offering a webinar, entitled The CARES Act – What it Means For You, Your Retirement Plan and Your Participants. They have also prepared a comprehensive summary of the Act, which can be accessed; both of which are intended for you to share with your commercial business community.

Remember that during this time, 401(k) Plan Sponsors still have a legal responsibility for operating their plan in accordance with ERISA. Times like these present opportunities to help our commercial clients and their valued employees, and better position them for future success.

[Read More »](#)

Agencies Implement ICBA-Advocated CBLR Reduction

Federal regulators issued interim final rules implementing the CARES Act's ICBA-advocated temporary reduction in the Community Bank Leverage Ratio to eight percent. Under the new rules, community banks can use the eight percent CBLR through the end of 2020 and 8.5 percent for calendar year 2021, with the current nine percent CBLR resuming Jan. 1, 2022.

The rules also maintain a two-quarter grace period for qualifying community banks whose leverage ratio falls no more than one percent below the applicable community bank leverage ratio. The changes will be effective upon publication of the rules in the

Federal Register, with comments due within 45 days afterward.

The CARES Act response to the COVID-19 outbreak includes several other ICBA-advocated measures to support community banks, including relief related to taxes, transaction accounts, loan modifications, Current Expected Credit Losses implementation, and more.

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FinCEN: Banks Don't Need to Re-Verify PPP Beneficial Owner Info

The Financial Crimes Enforcement Network said banks will not be required to re-verify beneficial ownership information for Paycheck Protection Program loans for existing customers, unless otherwise indicated by the institution's risk-based approach to Bank Secrecy Act compliance. For non-PPP loans, FinCEN reminded institutions of its 2018 ruling offering certain exceptive relief to beneficial ownership requirements and recognizing that a risk-based approach may result in reasonable delays in compliance.

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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 jerry@cbai.com.

CBAI LEGAL: Debtors Challenge Foreclosure After Chapter 7 Bankruptcy

An Illinois Appellate Court denied a challenge to foreclosure by mortgagors who had already surrendered the real estate and had the debt charged in their bankruptcy proceeding.

[Read CBAI LEGAL »](#)



Federal Home Loan Bank of Chicago

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MORE UPCOMING EDUCATIONAL TRAINING

CBAI Webinars: More Locations, Faster Delivery

We are enhancing the way you can view our live and on-demand webinars to make it easier for your bank while we all navigate through the COVID-19 pandemic. We have two new options on how you can view our webinars so that they are more accessible to your bank. You will now be able to access our live webinars from three different locations at no additional cost to your bank. Also, our on-demand webinars will now be available for viewing 48 hours after the live webinar takes place.

CBAI will continue to monitor the community banking industry to bring your bank new and relevant topics. As always, all our webinars can be accessed from anywhere. CBAI will continue to be here for you!

[Visit \[www.cbai.com\]\(http://www.cbai.com\) for Webinars and On-Demand Links »](#)

CBAI COVID-19 Related Webinars Available:

- FREE for CBAI Members - Pandemic Preparedness: Managing Coronavirus & Other Epidemics On-Demand Only
- Interagency Statement on Loan Modifications: Working with Borrowers Impacted by COVID19 – Thursday, April 9, 2020
- New FMLA Families First Requirements for Paid Leave Effective April 1, 2020 – Monday, March 30
- The CARES Act: Impact & Implications for Community Banks – Friday, April 10, 2020

[Register Today »](#)

NEW – E-Classroom Seminars

CBAI is working with Focused Results on e-classroom seminars utilizing ZOOM. Attendees participate individually AND in group discussions. These e-learning seminars combine a live presentation, screen views, chat and open questions with pod activities. During these seminars, you are moved into a group pod room, where you interact with your peers, answer questions and formulate your recommendations to the group, just like an in-person seminar. Topics include Winning Onboarding Approaches on April 30; Becoming the Primary Financial Institution on May 21; and Generational Client Retention and Growth Strategies on May 28. All e-classroom seminars take place from 8 a.m. – 11 a.m.

[View CBAI E-Classroom Seminars Now Available »](#)

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

MORE NEWS FROM SERVICES

Kasasa: Boosting Acquisition and Retention with Digital Onboarding

As people's lives are turning upside down and many are staying home due to the COVID-19 pandemic, Kasasa's B2C marketing experts found that internet searches for online account opening have increased in the last week alone. Digital onboarding was a must-have three months ago, six months ago, a year ago. With the recent turn of events, it's more important than ever that local financial institutions have the capabilities to serve their communities digitally, whether that's to fit seamlessly into their normal lives or during times like this when going to a physical branch simply isn't an option.

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Give SHAZAM's Marketing Agency a Try

Did you know that SHAZAM's marketing team is also an [award-winning agency](#)? Our team of copywriters and graphic designers can create multi-channel campaigns, animations, print collateral and even wrap a car with messaging that suits *your* needs, with *your* branding. Need a simpler marketing piece? No problem, we work with clients on jobs of all sizes. Our experienced professionals can offer you top-tier agency services at 50% less than the average agency. [Contact us](#) for a no-obligation quote today!

The Baker Group: Baker Market Update

So far, markets are opening the week with some degree of optimism as, over the weekend, some European nations reported a slowing of virus-related deaths and infections. And for the foreseeable future, those are the variables that will most greatly influence the behavior of investors and policymakers. The numbers won't be ignored, but their influence over day-to-day market behavior has been unceremoniously usurped by the pandemic. But, today's glimmer of optimism has equity indices well in the green while prices for Treasuries slip a bit; the Ten-Year still languishes around 65 basis points.

[Read More »](#)

CBIS: Impact of Coronavirus on Financial Markets

Investors have demonstrated concerns that measures taken by China and other countries to contain the spread of the virus will negatively impact global growth and possibly nudge the global economy toward recession. Concerns for U.S. companies include impacts on global demand as well as disruptions to supply chains. The S&P 500 fell more than 11% during the week ending February 28th, including losses of more than 3% on three separate days. The market activity in that week alone erased stocks' year-to-date gains and represented both the largest weekly decline since 2008 and the fastest correction (10% drop) in history.

[Read More from CBIS »](#)



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Helping your bank stay
SAFE and CONNECTED!

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The advertisement features a dark blue background with white and yellow text. On the right side, there is a photograph of a man in a dark sweater sitting at a desk with a laptop. A red and white text overlay is positioned over the bottom right of the photo, and a circular badge with the text "TOTALLY FREE!" is in the bottom right corner of the entire ad.

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