

CBAI E-Newsletter, sponsored by SHAZAM

May 6, 2020

IN THE NEWS

Last Chance to Complete the 2020 CBAI Compensation Survey

We understand that this is an extremely busy time as your bank responds to the COVID-19 crisis and works to help your individual and business customers. With this in mind, we've extended the deadline for completion of the CBAI Compensation Survey. Ensure your bank has the competitive edge in recruiting top talent! Complete the 2020 Compensation Survey quickly and easily by **Friday, May 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 »](#)

ICBA Seeks Answers on PPP Loan Forgiveness

ICBA called on the Treasury Department and Small Business Administration to provide additional guidance on the process for obtaining forgiveness of Paycheck Protection Program loans.

In a letter, ICBA urged the agencies to:

- Reconsider the SBA's non-statutory requirement that 75 percent of PPP loan proceeds must be spent on retaining payroll. ICBA recommends lowering the payroll expense requirement to no more than 50 percent to help small businesses meet other overhead costs.
- Provide a straightforward, easy-to-apply approach to loan forgiveness, such as developing a PPP loan-forgiveness calculator that will allow borrowers and lenders to easily determine the forgiven amount.
- Establish a presumption of compliance for all loans with an original balance of \$1 million or less based on the borrower's certification that the funds were used in accordance with the terms of the program.
- Address the many questions that have arisen related to PPP loan forgiveness, such as the consequences if borrowers spend less than 75 percent of their PPP loans on payroll and what constitutes full-time staff and new hires.

[Read ICBA Letter »](#)



IDFPR Issues Guidance for Exceeding Legal Lending Limits for PPP Loans

At the request of community bankers, IDFPR issued guidance for banks who may need to exceed their legal lending authority in order to serve a small business customer participating in the Paycheck Protection Program. Federal regulators have already issued guidance that since the loans are federally guaranteed, they are exempt from legal lending limits.

[See Guidance »](#)

Restore Illinois, Gradual Reopening Plan Announced

Governor JB Pritzker outlined a five-phase plan that will restore Illinois through a regional approach to reopening the State. Pritzker warned that until we have a vaccine, an effective treatment, or enough widespread immunity, the option of returning to normalcy does not exist. Under this plan, Illinois will be divided into four regions: Northeast Illinois, North-Central Illinois, Central Illinois and Southern Illinois. See the regional map here. Each region can move forward or backward independently through the phases. Individuals will be required to wear masks in phases one through four.

[See Five-Phase Plan »](#)

[See Regional Map »](#)

Statewide, all regions in Illinois are in phase two, the "flattening" phase. The earliest a region may move to phase three, the "recovery" phase, is May 21. To do so, a region must be at or under a 20% test positivity rate, while increasing by no more than 10 percentage points over a 14-day period. A region must also have maintained overall stability in hospital admissions for COVID-like illness in the

last 28 days, not had an overall increase in cases, and must maintain the availability of a surge threshold of 14% availability of ICU beds and med-surge beds and ventilators.

While community banks aren't required to close lobbies under the Stay at Home Order, most CBAI members have chosen to do so as a best practice following CDC guidelines. As banks consider when and how to re-open lobbies, there are many questions from a health, regulatory and liability standpoint. CBAI is working to identify and offer guidance from legal, regulatory, education and services perspectives. CBAI has polled members to identify concerns and best practices to consider when re-opening. These results are intended to give a perspective of what community bankers across the state are considering at the moment. Results and perspectives will change as more information becomes available and as the state moves closer to lifting restrictions. You can see the latest polling results in the COVID-19 section of www.cbai.com.



Follow CBAI on LinkedIn!

Get the latest CBAI news and events, plus additional pertinent information for community bankers on our new LinkedIn page! Visit us at www.linkedin.com/company/communitybankersofil.

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 »](#)

CBSC Preferred Providers Share COVID-19 Resources

Several of CBSC Preferred Providers are offering COVID-19 resources to CBAI member banks, including informative articles, FAQs and webinars. A page on the CBAI website has been dedicated to these resources and it will be updated as new ones are added.

[Visit CBSC COVID-19 Resources Page »](#)

An advertisement for Shazam Core Services. On the right is a photograph of a smiling man in a suit. On the left, a dark blue box contains the text "TRUSTED PARTNER. FLEXIBLE SOLUTIONS." Below this, in smaller white text, it says "SHAZAM Core Services offers a flexible, end-to-end bank platform that represents the latest advancements in core banking software including full conversion services, personalized training and ongoing professional support. Our core solution will help build your business, improve processes and gain efficiencies. Change your core experience®." Below that, it says "ADVANCE WITH THE RIGHT PARTNER." The Shazam logo is shown, followed by the address "6700 Pioneer Pkwy / Johnston, IA 50131 / 855-314-1212 / shazam.net /" and social media icons for Facebook, Twitter, LinkedIn, and Instagram.

SBA Extends Safe Harbor Repayment Deadline; Treasury Issues Guidance on Disbursements, Collecting Fees

The SBA is extending by one week the repayment date for the Paycheck Protection Program safe harbor. In an update to its PPP [frequently asked questions](#), the Treasury Department cited guidance reminding borrowers to carefully review the required certification on the Borrower Application Form that current economic uncertainty makes their loan request necessary to support their ongoing operations.

SBA guidance and regulations provide that any borrower that applied for a PPP loan prior to April 24 and repays the loan in full by May 7 will be deemed by SBA to have made the required certification in good faith. In the latest update to its FAQs, Treasury said the SBA is extending the repayment date for this safe harbor to May 14. According to Treasury, SBA will implement the extension through a revision to its interim final rule providing the safe harbor, and it intends to provide additional guidance before May 14.

Last week, the Treasury Department issued a new interim final rule that answers questions on Paycheck Protection Program disbursements, including collecting processing fees on disbursed loans. The interim rule says borrowers are not permitted to make multiple draws from a PPP loan and thereby delay the start of the eight-week covered period. Rather, lenders must make a one-time, full disbursement of the PPP loan within 10 calendar days of when the loan is assigned a loan number by SBA.

For loans that received an SBA loan number prior to the posting of this interim final rule but have not yet been fully disbursed, the 10-day period begins as of April 28 and the eight-week covered period began on the date of first disbursement.

[See Interim Final Rule on Disbursements »](#)

Treasury: Lender Compliance Protects PPP Guarantees

The Treasury Department confirmed that while the SBA plans to review individual Paycheck Protection Program loans, the reviews will not affect SBA's guarantee of loans for which lenders complied with their PPP obligations.

In the latest update to Treasury's frequently asked questions on the program, the department reiterated its announcement earlier this week that it will review all loans over \$2 million, in addition to other loans as appropriate, after lenders submit borrower loan-forgiveness applications. Additional guidance on that is still to come.

The key point is that the reviews will not affect loan guarantees for lenders that follow the obligations set forth in paragraphs III.3.b(i)-(iii) of the April 2 Paycheck Protection Program Rule. These obligations are further explained in the first FAQ in the Treasury document. In other words, lenders that meet their obligations will not be penalized if borrowers do not meet theirs, and the guarantee will remain.

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CBAI Participates in Congressman Brad Schneider (D-10 -) Press Conference Call about Challenges Accessing SBA Assistance

CBAI's David Schroeder, senior vice president of federal governmental relations, joined Congressman Brad Schneider (D-10th) on a press conference call to draw attention to the difficulties many are facing accessing Small Business Administration (SBA) assistance through the various federal relief measures.

Congressman Schneider is a member of the U.S. House Small Business Committee and has supported the Paycheck Protection Program (PPP) and other small business relief measures in response to the economic damage caused by the coronavirus.

Schroeder explained the many frustrations community banks experienced during the rollout of first and second phase of the PPP. Nonetheless, Illinois community bankers rose to the challenge and helped many tens of thousands of small businesses. Not an insignificant number of these lending opportunities came as a result of the largest banks not being responsive to their small business customers' needs. Schroeder brought home the importance of this relief by telling the story of small business owner who cried when told by the community bank president, who personally input the loan, that their \$2,500 PPP request had been approved. This is what community bankers do to serve their customers and communities.

CBAI stands ready to assist policymakers in continuing to support Illinois community banks and their small business customers.

ICBA Launches Remote-Account-Opening Directory

ICBA created a directory of member community banks that can remotely open accounts with zero starting balances to help individuals receive their federal Economic Impact Payments. Community banks that wish to be added to the directory can do so by completing an online form.

[Access Directory »](#)

[Access Online Form »](#)

Coming Soon: SHAZAM BOLT\$ Mobile App Name Change to Brella

Cardholder safety is everyone's priority. Our app offers protection for debit cards with real-time alerts and blocks. Like an umbrella, Brella™ will be there to protect and shield cardholders. And, as the potential for fraud evolves in new ways during these unprecedented times, this is another way to help keep your cardholders safe.

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Cybersecurity Agency Issues Guide on Critical Infrastructure

The Cybersecurity and Infrastructure Security Agency published a pandemic-response guide for all 16 critical infrastructure sectors. The Critical Infrastructure Operations Centers and Control Rooms Guide for Pandemic Response provides considerations and mitigation measures that can be applied to any critical node that is required to continue functioning in a pandemic environment. The document is advisory in nature and not a federal directive or standard.

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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.

Secret Service Warns of Counterfeit Treasury Checks

The Secret Service recently said it is partnering with the Treasury Department to raise awareness of counterfeit U.S. Treasury checks. The agencies encouraged consumers, retailers, and financial institutions to check for the Treasury seal, bleeding ink, watermarks, and other security features.

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CFPB Clarifies Consumer Right to Modify TRID Waiting Periods

The Consumer Financial Protection Bureau issued an interpretive rule clarifying that consumers with urgent financial needs can exercise their rights to modify or waive certain required waiting periods under the TILA-RESPA Integrated Disclosure Rule and Regulation Z rescission rules. The bureau also issued frequently asked questions that address when creditors must provide appraisals or other written valuations to mortgage applicants to expedite access to credit for consumers affected by the COVID-19 pandemic.

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Fed Pledges to Hold Target Rates Near Zero

The Federal Open Market Committee voted to hold benchmark interest rates at a range of zero to 0.25 percent and hold them at near-zero until the economy is on track to achieve employment and price stability. The FOMC said the ongoing public health crisis will weigh heavily on economic activity, employment, and inflation in the near term, and it poses considerable risks to the economic outlook over the medium term.

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CBAL LEGAL: Court-Approved Acceleration Leads to Foreclosure

An Illinois Appellate Court recently validated a mortgage loan acceleration clause that eventually resulted in a foreclosure unsuccessfully challenged by the mortgagor.

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**Federal Home Loan Bank
of Chicago**

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MORE UPCOMING EDUCATIONAL TRAINING

Update on Rescheduled Educational Programs

We are currently promoting June programs as scheduled. Please refer to www.cbai.com for updates.

- Call Report – May 19, 2020 via E-Classroom Seminar
- Loan Documentation – May 20 via E-Classroom Seminar
- Asset/Liability Management: Investments, Liquidity & IRR – June 9 – CBAI Headquarters
- Cybersecurity Threats, Trends & Proactive Strategies for FIs – June 16 – CBAI Headquarters
- Cybersecurity Threats, Trends & Proactive Strategies for FIs - June 19 – DoubleTree by Hilton, Lisle
- Compliance Institute: Lending – June 24 – 26 – CBAI Headquarters
- Residential Real Estate Lending Institute – June 29 – July 1 – CBAI Headquarters
- Lenders Guide for Mortgage Loan Compliance – July 8 & 9 – CBAI Headquarters
- Regulation Z University – July 14 & 15 – CBAI Headquarters
- 2020 CBAI Security Officer Workshop – July 16 – CBAI Headquarters
- Internal Audit-Investments/Bank Operations – July 20 – CBAI Headquarters

** CBAI is monitoring the COVID-19 situation and will make any changes to in-person sessions as necessary to comply with state and federal mandates and orders.*

COVID-19 Related Training Offered by CBAI

CBAI is offering several COVID-19 related training sessions via E-Classroom seminars, Knowledge Byte videos, on-demand only webinars and live webinars. Visit CBAI's website to find out what training sessions are available to fit your bank's needs!

[See COVID-19 Related Training »](#)

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

MORE NEWS FROM SERVICES

The Baker Group: Baker Market Update

The Federal Reserve is committed to using its full range of tools to support the U.S. economy in this challenging time, thereby promoting its maximum employment and price stability goals. The coronavirus outbreak is causing tremendous human and economic hardship across the United States and around the world. The virus and the measures taken to protect public health are inducing sharp declines in economic activity and a surge in job losses.

[Read More »](#)

Wolters Kluwer: COVID-19 Regulatory Banking Updates Available

CBSC Preferred Service Provider Wolters Kluwer is now offering COVID-19 Regulatory Resource Bulletins, a complimentary service providing COVID-19-related global regulatory updates for the financial services industry. The service provides relevant updates on U.S. insurance regulations and global banking and securities regulations. Subscribers may elect to receive one or both versions.

[Learn More and Subscribe »](#)

Welch Systems: Retail Banking Post Pandemic

With the current pandemic, we are all experiencing changes to our day-to-day reality. Hopefully sooner than later we will begin to see the return of some normalcy, but there are some things that will not and should not go back to the way they were before. A prime example is the usage of technology.

[Read More from Welch Systems »](#)

Young & Associates, Inc: Strategic Planning During Uncertain Times

As we adjust to the new reality and navigate through the immediate operational challenges, long-term planning comes back into the focus. What is the bank's balance sheet capacity to weather the economic downturn, absorb the potential losses, and leverage the existing resources to support households and businesses affected by the pandemic? Community banks, with their relationship-based business models, are uniquely positioned to support their markets by using their in-depth knowledge of the local economies and the borrowers' unique situations to provide timely and individualized assistance for impacted customers. This is an opportunity to facilitate a return to economic stability and be the source of information and communication, but also to enhance customer relationships and trust over the long term.

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Wolters Kluwer: Regulation D Amendments Take Effect

The Federal Reserve Board has issued an interim final rule, effective immediately, to amend Regulation D to eliminate the six-per-month limit on so-called "convenient" transfers from the definition of a savings deposit. CBSC preferred provider Wolters Kluwer writes that, as a result, financial institutions may need to review and make changes to products, as well as review their funds availability policies and make any corresponding system updates and accountholder disclosure updates.

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CBIS: Pay or Not Pay Ransomware

Cyber criminals are testing your defenses, searching for weaknesses. Their goal is to compromise your network, wipeout your backups, and encrypt your systems and data. Are you ready? Most ransomware attacks will fail, but the ones that succeed are increasingly vicious. Cyber criminals are no longer content to demand modest ransoms once a network is compromised; instead, they are demanding six, seven or even eight-figure ransoms. According to Travelers claim data, the number of registered ransomware claims, and the severity of those losses, has increased four-fold from 2017-2019.

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CBSC Preferred Providers



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