

*Connected to Community Banking!*



*One Mission. Community Banks.*

## CBAI E-Newsletter, sponsored by SHAZAM

May 20, 2020

### IN THE NEWS

#### **SBA Extends Form 1502 Deadline for PPP Loans**

The Small Business Administration said it is extending the deadline for Paycheck Protection Program lenders to submit the initial SBA Form 1502, for which the agency has yet to provide detailed guidance. In the latest update to its PPP frequently asked questions, SBA said it is extending the deadline for lenders to electronically upload the initial SBA Form 1502 to the later of: (1) May 29, 2020, or (2) 10 calendar days after disbursement or cancellation of the PPP loan.

Lenders are required to submit the form to report on PPP loans and collect the processing fees on fully disbursed loans to which they are entitled, though SBA has yet to provide guidance on the Form 1502 reporting process. PPP lenders should not report their PPP loans on SBA Form 1502 until the SBA has released additional guidance, SBA 7(a) Fiscal and Transfer Agent Colson Services Corp. said in an online advisory. The previous Form 1502 deadline for loans approved before the form is available was this Friday, May 22. SBA said the new deadline will be implemented through revisions to its PPP interim final rules.

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#### **Agencies Issue PPP Loan Forgiveness Application**

The Small Business Administration and Treasury Department released the Paycheck Protection Program Loan Forgiveness Application and instructions. The application form and instructions inform borrowers how to apply for forgiveness of their PPP loans, consistent with the CARES Act. The SBA said it will also soon issue regulations and guidance to help borrowers complete their applications and inform lenders of their responsibilities.

The form and instructions include:

- Options for borrowers to calculate payroll costs using an "alternative payroll covered period" that aligns with borrowers' regular payroll cycles.
- Flexibility to include eligible payroll and non-payroll expenses paid or incurred during the eight-week period after borrowers received their PPP loan.
- Step-by-step instructions on how to perform the calculations required by the CARES Act to confirm eligibility for loan forgiveness.
- Statutory exemptions from loan forgiveness reduction based on rehiring by June 30.
- The new exemption for borrowers whose good-faith, written offers to rehire workers were declined.

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#### **The Survey Results Are In!**

Thank you for responding to the May 18th member survey. This information is vital for CBAI to inform federal and state policymakers about how Illinois community banks are helping their customers and communities survive and recover from the pandemic.

[See Survey Results »](#)

#### **Visit CBAI's Website for COVID-19 Guidance**

CBAI's website offers various resources and guidance for community banks regarding the COVID-19 crisis. Find the latest updates to the SBA Paycheck Protection Program, implications of the CARES Act, results of our member survey, pertinent articles, resources from CBSC Preferred Providers, COVID-19 related training offered by CBAI, 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 and information on other related webinars, links to additional resources from FDIC, OCC, Federal Reserve and ICBA, and much more.

[CBAI COVID-19 Resources »](#)

[CBSC COVID-19 Resources »](#)

[COVID-19 Related Training Offered by CBAI »](#)

## **CBAI Urges Illinois Delegation to Support Community Banks in Serving Their Individual and Small Business Borrowers and Their Communities**

In a May 12, 2020, letter, CBAI urged the Illinois Congressional Delegation to support Illinois community banks in their efforts to serve their individual and small business customers and communities during the virus crisis. The letter highlighted community bank challenges in submitting small business loans to the SBA during the flawed roll-out of phase one and two of the Paycheck Protection Program (PPP or Program) and their continued inability to submit closed loan packages to the SBA to complete the process. The letter also explained the frustration community bankers feel knowing that credit unions effectively earn more for their PPP loan originations because of their income tax-exemption. The letter urged that community banks be treated on par with others and for reasonable accommodations to support them in their many efforts to provide essential financial services during these particularly difficult times.

[Read CBAI Letter »](#)



## **CBAI LEGISLATIVE SESSION UPDATE**

### **FDIC Webinar: Increasing Consumer Access to Checking and Savings Accounts**

Federal Deposit Insurance Corporation is offering a webinar on May 27, 2020, on Increasing Consumer Access to Checking and Savings Accounts: An Economic Inclusion Webinar.

A wide swath of Americans has been eligible for direct payments allotted in the stimulus package. Yet, people without bank accounts are often among those with the lowest incomes. This means that the unbanked are the most in need of a direct stimulus check but will be the last ones who may actually receive it. The pandemic has heightened, even more so, the importance of having a bank account.

In this webinar, speakers share their experience and insights on working with consumers to open and keep affordable bank accounts, build banking relationships, and develop the financial know-how needed day-to-day and in times of crisis.

[Read More and Register »](#)

### **FHFA Extends Moratorium on Foreclosures, Evictions**

The Federal Housing Finance Agency announced that Fannie Mae and Freddie Mac are extending their moratorium on foreclosures and evictions from May 17 until at least June 30. The foreclosure moratorium applies only to enterprise-backed, single-family mortgages.

The FHFA said it will continue monitoring the COVID-19 outbreak and update its policies accordingly. More information is on the interagency mortgage and housing assistance resource center.

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### **Agencies Announce PPP Certification Safe Harbor**

The SBA and Treasury Department announced a safe harbor that will apply to reviews of good-faith certifications concerning the necessity of Paycheck Protection Program loan requests. In the latest update to their frequently asked questions on the program, the agencies said any borrower that, together with its affiliates, received PPP loans with an original principal amount of less than \$2 million will be deemed to have made the required certification concerning the necessity of the loan request in good faith.

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### **FDIC Proposes Mitigating Deposit-Insurance Impact of PPP**

The FDIC approved a proposed rule to mitigate the effects of participating in the Paycheck Protection Program and other emergency programs on deposit-insurance assessments. The proposed rule also would apply to the Federal Reserve's PPP Lending Facility and Money Market Mutual Fund Liquidity Facility. It would ensure banks are not subject to significantly higher assessments for participating in these programs.

The FDIC is proposing an effective date by June 30, 2020, and an application date of April 1, 2020, which would ensure that the changes are applied to assessments starting in the second quarter. Comments are due seven days after publication in the Federal Register.

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### **CFPB Outlines Flexibilities, Responsibilities During Pandemic**

The Consumer Financial Protection Bureau issued a statement and released two frequently asked questions documents to highlight existing regulatory flexibilities for financial firms to quickly help consumers affected by the pandemic. One set of FAQs focuses on existing regulatory flexibilities in Regulations E and DD for providers of checking, savings or prepaid accounts. Separate FAQs focus on existing regulatory flexibilities for open-end credit (that is not home secured) in Regulation Z. The CFPB statement outlines billing-error responsibilities of credit card issuers and other open-end, non-home secured creditors as well as the bureau's current approach to creditor investigations of consumers' billing-error notices.

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### **FHFA: Payment Deferral is New Repayment Option**

The Federal Housing Finance Agency said Fannie Mae and Freddie Mac are providing a new payment-deferral option to help homeowners in COVID-19-related forbearance. The deferral option allows borrowers who can return to making their normal monthly mortgage payment to repay their missed payments at the time the home is sold, refinanced, or at maturity. The FHFA noted that borrowers' monthly mortgage payments will not change and mortgages that exercise payment deferral will remain in Enterprise Mortgage-Backed Securities. Servicers will begin offering the option starting July 1.

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### **Wolters Kluwer: COVID-19 Regulatory Banking Updates Available**

CBAI 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 »](#)



### **Agencies Launch Joint Housing-Assistance Site**

As advocated by ICBA, federal regulators launched a website on the new mortgage and housing assistance available to homeowners and renters. The joint initiative by the Consumer Financial Protection Bureau, Federal Housing Finance Agency, and Department of Housing and Urban Development consolidates information on CARES Act mortgage relief, protections for renters, resources for additional help, and information on how to avoid COVID-19-related scams.

ICBA and other groups asked regulators to create a single portal where consumers can access information regarding mortgage payment forbearance and rental relief. In a joint letter, the groups suggested making the information more prominent on the federal COVID-19 landing page.

[Access Website »](#)

### **Submit Your Nomination by June 5 for the BKD Award for Excellence and Innovation, presented by CBAI**

Nominations are being taken for 2020 Excellence & Innovation BKD Award, presented by CBAI and the accounting firm of BKD LLP. The purpose of the award is to bring recognition to banks with an outstanding and innovative product/service or program. Your bank *does not need* to be a BKD client in order to enter. Nominations are due at CBAI headquarters no later than Friday, June 5, 2020.

Last year, the winner was Washington Savings Bank, Effingham. This year, your bank could be the winner! Send us your community bank's innovative programs, unique community service projects or special way your bank has stepped up to help local businesses during the COVID-19 pandemic. Your extra efforts deserve to be recognized!

[Learn More »](#)

[Download Nomination Form »](#)



### 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](mailto:jerry@cbai.com).

### CBAI LEGAL: Federal Court Rejects Mortgagor's HAMP Breach Suit

In its April 30 opinion, the U.S. Court of Appeals for the Seventh Circuit rejected a mortgagor's attempt to permanently enforce reduced mortgage payments when the mortgagor alleged that the lender breached an agreement for HAMP mortgage payment reductions.

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## Federal Home Loan Bank of Chicago

Visit [www.fhlbc.com](http://www.fhlbc.com)

## MORE UPCOMING EDUCATIONAL TRAINING

### NEW! CBAI Offering COVID-19 Best Practices & Re-Opening Your Lobby On-Demand Training Series

CBAI, in partnership with Psycheofsuccess.com, has put together a comprehensive on-demand video training series designed to get you and your team back to work and back to success safely. This on-demand training series provides knowledge on how to create mental, emotional and physical safety. Topics covered include safe cleaning practices, HR challenges and protecting both your employees and your customers.

Each training session provides your community bank with unlimited viewing until the expiration date indicated for each session. Please note as issues change rapidly regarding COVID-19, we are monitoring the information included in this training and reserve the right to replace, alter or delete the information included in this training to comply with federal and state orders and mandates. If a session is updated after purchase, CBAI will inform you and send an updated link. All training is available to your entire bank for only \$199.

[View Brochure »](#)

[Register Online »](#)

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

## MORE NEWS FROM SERVICES

### The Baker Group: Baker Market Update

Investors were greeted recently by the news that early clinical trials conducted by Moderna on a potential coronavirus vaccine have produced hopeful results. Heartened by these reports, the DJIA is up over 700 points in early trading as Treasury bonds sell-off. The yield on the Ten-Year is up to around 69 basis points.

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## **Ncontracts Webinar: Vendor's Keeper: How to Make Sure Your Third-Party Vendors Aren't Creating a Compliance Nightmare**

Don't let a vendor's missteps land your financial institution in hot water. Join us on June 23, 2020, at 2 p.m. as we delve into the intersection of compliance and vendor management and what it takes to protect your financial institution from the reputational, financial and regulatory risks of vendor compliance violations.

[Register Today »](#)



## **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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## **Join College Ave for a Private Student Loan Referral Program Webinar**

Please join CBSC and our business partner, College Ave, for a free webinar on a new Private Student Loan Referral Program:

- Register for the webinar on June 9, 2020, at 10:00 a.m. Central - [Register Here](#)
- Register for the webinar on June 17, 2020, at 2:00 p.m. Central - [Register Here](#)

## **Kasasa: Using Data to Build Deeper Consumer Relationships**

In this digital age, and especially in the past couple of months, you may have asked yourself how you can build deep relationships with your account holders if they never come into a branch. Did relationship die out to be replaced with faceless data?

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## **Ncontracts: Seven Best Practices for Aligning Fintech With Your Business Strategy**

Fintech is one of the buzziest trends in financial services right now, and no financial institution wants to be left behind. But with seemingly boundless opportunities, how do you know which fintech partnerships make sense for your financial institution? Here are seven tips for making sure your fintech activities align with your business strategy.

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## **CBIS: Insurance Underwriting Amid COVID-19**

As state and federal authorities evaluate and begin to loosen shelter-in-place orders and other restrictions, you may be in the early stages of determining how you will re-open facilities that have been closed because of COVID-19. Your insurance partner should understand these issues you are likely concerned about, and some that you may not have considered. Be certain to inquire about the approach you can use to develop a successful "Return to the Workplace" plan. Your risk management team should confidently learn how to protect people, property and profits through a five-step action plan.

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