

Connected to Community Banking!



CBAI E-Newsletter, sponsored by SHAZAM August 26, 2020

IN THE NEWS

Strong Community Banker Advocacy is Rewarded!

Fannie and Freddie to Delay Fee Increase Until December 1

The Federal Housing Finance Agency (FHFA) announced a 90-day delay in implementing a harmful 0.5% fee increase on refinanced loans. Originally scheduled to go into effect on September 1, the implementation date has been postponed to December 1. This welcome move by Fannie Mae and Freddie Mac followed a strong advocacy effort by community bankers, CBAI, and the ICBA.

CBAI members responded to last week's Action Alert asking their Members of Congress to challenge this adverse fee increase with the FHFA. Community bankers would have incurred losses on refinanced loans that were already rate-locked but would not close until after September 1. For many CBAI members, this would have resulted in a meaningful loss of income at a time when they are striving to help their customers and communities deal with and recover from the COVID-19 crisis.

CBAI reached out to the FHFA, FDIC, OCC, the Federal Reserve, and select members of the Illinois Congressional Delegation to highlight the negative impact of this fee increase on community banks and to urge a change to the fee directive.

In the August 25th News Release, the FHFA announced the implementation delay and also exempted refinanced loans with an original balance of under \$125,000 from the fee increase. CBAI thanks the many Illinois community bankers for their advocacy effort on this important issue.

[Read the FHFA News Release »](#)

Webinar on PPP Forgiveness Platform

New rescheduled date and time - Thursday, September 3, 2020 at 3:00 p.m. ET

Federal and state regulators scheduled a webinar for 3:00 p.m. (Eastern time) on Thursday, September 3, 2020, covering the SBA's Paycheck Protection Program loan-forgiveness platform. Open to all PPP lenders, the webinar will cover loan-forgiveness policies and how to use the platform.

The platform on August 10 began accepting loan-forgiveness applications and decisions. The SBA user guide released earlier this month provides details on the timeline, decision process, account management, and more.

[Register for This Webinar »](#)



10 Habits of Highly Successful Bank Salespeople

**October 1, 2020
CBAI, Springfield**

REGISTER TODAY!

Agencies Release Three Final Rules

The federal bank regulatory agencies today finalized three rules, which are either identical or substantially similar to interim final rules currently in effect that were issued earlier this year. They include:

- A final rule that temporarily modifies the community bank leverage ratio, as required by the CARES Act;
- A final rule that makes more gradual, as intended, the automatic restrictions on distributions if a banking organization's capital levels decline below certain levels; and
- A final rule that allows institutions that adopt the current expected credit losses or "CECL" accounting standard in 2020 to mitigate the estimated effects of CECL on regulatory capital for two years.

[Read More on the Three Rules »](#)

Banks Win First Court Decision on PPP Agent Fees

Banks won the first legal battle over Paycheck Protection Program agent fees, with a court ruling against plaintiffs who argued they are entitled to payments from lenders that the banks haven't authorized.

As reported by American Banker, a U.S. district judge ruled in the first of many lawsuits that banks are not required to pay fees to accountants and consultants that "helped" small businesses with PPP applications, unless they have reached upfront agreements to do so.

Any agent fees must be paid out of the funds provided by the SBA to PPP lenders, the judge ruled, as indicated by PPP rules and guidance. The plaintiffs can appeal, and many similar cases have been filed in other jurisdictions.

ICBA recently called on the Treasury Department and SBA to clarify rules on PPP agent fees. In a letter earlier this month, ICBA asked the agencies to confirm that contractual relationships are required to form agency relationships, as Treasury Secretary Steven Mnuchin has suggested in congressional testimony.

CBAI Urges the CFPB to Exempt Community Banks From its Rulemaking

In an August 18, 2020, comment letter to the Consumer Financial Protection Bureau (CFPB), the Community Bankers Association of Illinois (CBAI) faulted the Bureau for a decade of flawed rulemaking by not exempting community banks from its regulations. While many of the largest banks, financial firms, and those in the shadows of the financial system abused consumers – sometimes criminally – community banks have a long history of treating their customers and communities fairly and with respect. Community banks should be recognized and rewarded for their efforts with meaningful exceptions to CFPB rules. Exercising this authority will benefit the consumers that the Bureau exists to protect.

[Read CBAI's Comment Letter to the CFPB »](#)

ICBA: Data Show Community Banks Leading Recovery

Paycheck Protection Program data show that community banks are the unequivocal leaders of the U.S. economic recovery, ICBA said in a recent news release.

According to the Small Business Administration data, community banks:

- Were the predominant PPP lenders, serving 57.5 percent of all PPP recipients.
- Provided most loans to minority-owned, women-owned, and veteran-owned small businesses.
- Made 98.2 percent of loans in low-income or economically distressed counties.
- Processed PPP loans five to 10 days faster than other lenders.
- Saved jobs in critical areas of the economy.

[Read News Release »](#)



Rakuten Withdraws Refiled ILC Application for FDIC Insurance

The FDIC confirmed to the ICBA that Rakuten, the "Amazon of Japan," has withdrawn its refiled application for deposit insurance for its Industrial Loan Company (ILC). CBAI has long been engaged in the battle to prevent the parent companies of ILCs from evading consolidated Federal Reserve supervision. This regulatory loophole exposes the financial system, our economy and American taxpayers to unacceptable risks. In several recent comment letters, CBAI called for closing the ILC loophole, enhanced supervision of ILCs and their holding companies, and a moratorium on new ILC applications for deposit insurance.

[Read CBAI's June 29th Comment Letter to the FDIC »](#)

[Read CBAI's July 22nd Comment Letter to the FDIC »](#)

Congress, Not the OCC, Decides What is and Isn't a Bank

CSBS President and CEO John W. Ryan explained why the OCC cannot define a bank charter in an American Banker op-ed published this week:

"The Office of the Comptroller of the Currency continues to overstep its reach by calling anything that touches money a bank. And in the process, preempt local authority that protects consumers and the entire financial system. This pattern of the OCC's flouting congressional limits on its authority must stop. This is a federal banking regulator that should be reminded — again — that only Congress can define a bank. Congress defines a bank as an institution that takes deposits. A bank can also make loans or process payments, but the deposits

function is not optional."

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ICBA Urges Transparency in JPMorgan, Postal Service Talks

ICBA called on the U.S. Postal Regulatory Commission to investigate reports that the U.S. Postal Service is considering an exclusive agreement with JPMorgan Chase to provide banking services through the postal branch network.

In a letter to the commission, ICBA called for a transparent process, noting that JPMorgan Chase has a record of discriminatory consumer practices that could threaten local communities. Specifically, the agency should follow federal regulations and issue a request for proposal before proceeding, ICBA wrote.


ICBA noted that while any arrangement with JPMorgan Chase would threaten local communities by drawing deposits away from them, the nation's 52,000 community bank locations have greater penetration in unbanked populations than the postal branch network.

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'Skinny' Stimulus Proposal Retains ICBA Priorities

The scaled-back coronavirus relief package circulated this week by Senate Republicans retains ICBA-advocated provisions contained in previous drafts. The "skinny" draft proposal—narrowed to help restart stimulus negotiations—includes provisions forgiving Paycheck Protection Program loans under \$150,000, providing a lender safe harbor, expanding forgivable expenses, and more. As Congress and the Trump administration work to resume negotiations over the next stimulus package, ICBA continues calling on community bankers to use its Be Heard grassroots action center to urge needed reforms.

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Delivering a frictionless experience for your customers is a top priority for your success. And that's why we'll continue to work behind the scenes to advocate for open standards that foster innovation and competition, and ensure interoperability in the payments industry.

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State Developing a \$396 Million Mortgage Assistance Program

The State of Illinois is using a portion of \$3.5 billion in federal stimulus funds to create an emergency mortgage relief program. The Illinois Housing Development Authority is overseeing the program that is expected to provide up to \$15,000 per household for up to 10,000 homeowners. The application period is expected to open on August 24 and will continue until funds are exhausted. The state has not officially announced the program but did share details with CBAI in advance.

[Read Details »](#)

CFPB Proposes "Seasoned" QMs

The Consumer Financial Protection Bureau issued a notice of proposed rulemaking to create a new category of "seasoned" qualified mortgages. To be considered Seasoned QMs under the proposal, loans would have to be first-lien, fixed-rate covered transactions that have met certain performance requirements over a 36-month seasoning period. Covered transactions would also have to be held in portfolio during the seasoning period and meet underwriting requirements and other restrictions.

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FinCEN Issues Statement on BSA Enforcement

The Financial Crimes Enforcement Network issued a statement on its approach to enforcing Bank Secrecy Act rules and regulations. FinCEN said the statement aims to provide clarity and transparency to its approach when contemplating compliance or enforcement actions against covered financial institutions that violate the BSA. It outlines the administrative actions available to FinCEN and the information it analyzes to determine the appropriate outcome to BSA violations.

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FHA Launching New Appraisal Module

The Federal Housing Administration announced the upcoming release of a new module on its FHA Catalyst platform to allow lenders to electronically submit, track, and manage single-family property appraisals. The FHA Catalyst: Electronic Appraisal Delivery module will be available to lenders beginning Sept. 4. The FHA encouraged lenders to request access to the module for their users as soon as possible by contacting the FHA Resource Center.

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Bowman: Community Bank Fed Seat Strengthens Pandemic Response

The Federal Reserve's response to the COVID-19 pandemic has benefitted from having a board seat dedicated to someone with community banking experience, Fed Governor Michelle "Miki" Bowman said. Bowman, the first person to fill the Fed's ICBA-advocated community banking seat, said diversity on the Fed board is a strength that benefits the broader economic and financial system.

"Our actions in response to the recent pandemic have clearly benefited from this perspective, as we understand how the varying state and local approaches have affected economic conditions across the nation," she said.

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CFPB Extends Comment Period on Credit Inclusion

The Consumer Financial Protection Bureau said it will provide an additional 60 days for public comment on its request for information on creating a regulatory environment that expands access to credit while protecting consumers. The CFPB is extending the comment deadline from Oct. 2 to Dec. 1.

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Fed Minutes: Economic Outlook Depends on Virus

Federal Open Market Committee officials said the path of the economy will depend significantly on the course of the coronavirus, according to the minutes from its July 28-29 meeting. The Federal Reserve rate-setters said the public health crisis will weigh heavily on economic activity, employment, and inflation in the near term and poses economic risks over the medium term. The panel voted to hold benchmark interest rates at zero to 0.25 percent.

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With Few Banks Serving Illinois Cannabis Industry, Next Wave of Licenses Risk Going Unbanked

With news that the State of Illinois has approved regulations for tie breaking scores for dispensary license awards, it seems likely the state could be handing out 75 new licenses next month. What isn't so clear is whether or not all of those 75 license winners, as well as the 40 craft grow, 40 infusion, and likely dozens of cannabis transport license winners will have a bank to hold their money when they start their businesses.

"There's a math problem here," said Michael Busch, CEO of Burling Bank, "Where we'll have 75 dispensary application winners, and to the best of my knowledge we have five banks actively banking these people." "What I fear is you'll see a lack of progress that the authors of the [adult-use cannabis] legislation wanted. They passed legislation so people could participate in this industry," said Illinois State Treasurer Michael Frerichs.

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Video Offers Latest on COVID-19 Impact

The latest Market Watch Weekly News video from ICBA Securities and Vining Sparks provides an update on improving COVID-19 data, consumer confidence and other recent economic indicators, upcoming manufacturing reports, and more.

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[Purchase the Results of CBAI's 2020 Compensation Survey](#)

The results of CBAI's 2020 Compensation Survey are now available. Administered by **BalancedComp**, the survey results are free to participants, thanks to sponsor **IZALE Financial Group**. Non-participants can purchase results for \$300 for CBAI members and \$500 for prospective members. If you are interested in purchasing the results, please contact Bobbi Watson at bobbiew@cbai.com.

Consider a "Dress-Down Day" 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! 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). For more information on participating in "Dress Down for the Foundation," contact **Bobbi Watson** at 800/736-2224. Please send donations to: CBAI Foundation, 901 Community Drive, Springfield, IL 62703.

CBAI LEGAL: State Department of Labor Has Answers for Many H.R. Questions (PART ONE)

In addition to federal employment-related laws that impose restrictions or requirements on employers, Illinois has dozens of State laws, some of which are addressed in Qs & As published by the Illinois Department of Labor.

[Read Most Recent CBAI LEGAL »](#)



Federal Home Loan Bank of Chicago

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UPCOMING EDUCATIONAL PROGRAMS

Appraisal Review to be Held September 30 in Springfield and October 1 in Lisle

Banks are expected to thoroughly review the appraisals and question the assumptions contained therein when necessary. This seminar has been developed specifically to meet the unique needs of the community bank. It is designed to assist participants in getting timely answers to their questions. We encourage lenders to be active participants by bringing questions, concerns, and compliance issues for review by the group. This two-way flow of information will increase understanding and help improve the bank's effort toward satisfactory compliance implementation. People that would benefit from this seminar would be loan administration, underwriting/credit analysis and all general loan personnel.

[Register Today »](#)

Frontline Supervisor in the Now Economy Set for September 30 in Springfield

This program is designed for branch managers and head tellers, as well as customer service representatives and universal bankers with supervisory responsibilities. We have "The Now Economy" and must learn to maneuver effectively so we grow our business all the while continuing to meet emerging client needs. Bankers all over the bank are delving into the PPP program, answering questions, and processing loans that they never anticipated being involved with. We know that we must continue to help our clients meet their needs outside of the PPP program, and we need to consider how to forge ahead for the remainder of this year and into the next when hopefully our US economy begins to recover. We play a key role, both as a coach and as a business development professional in banking. This seminar focuses on how the frontline supervisor in the branch can take care of the needs of today, while keeping an eye on the future. It's challenging and exciting to be a banker today, knowing we have the responsibility to grow our team and listen to our clients' needs and position our products and services to help our clients achieve their dreams.

[Register Today »](#)

[VIEW CBAI's EVENTS CALENDAR](#)

MORE NEWS FROM SERVICES

The Baker Group: Baker Market Update

Investors are greeting the new week with optimism and high hopes with the news over the weekend that access to antibody plasma treatments may be expanded while vaccine development efforts may gain a regulatory fast-

track to approval. Good news for all, with equity investors particularly pleased. In early trading, the DJIA has opened triple-digits higher while the Treasury market has slipped a few ticks here and there with the Ten-Year's yield little-changed at 63 basis points.

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Young & Associates Offering Work from Home Policy

With COVID-19 continuing to surge in many states, many businesses, including financial institutions, are finding that allowing at least some employees to work from home may be beneficial and/or necessary for some time. In fact, for many institutions, working from home may no longer be considered a short-term option.

Does your financial institution have a concrete, formal Work from Home policy that clearly spells out the institution's requirements for working remotely? Young & Associates, Inc. offers a Work from Home policy to help ensure all employees fully understand and are able to comply with the requirements for working from a remote location and to make sure that working remotely is beneficial to both employees and the institution.

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CBIS: COVID-19 Opens the Door for New Workers Compensation Exposures

As the country continues to go through trying times, it seems as if COVID-19 has changed so many things within our nation, whether it is how we socialize with our family and friends or how we conduct business on a day-to-day basis. We know some of these changes are temporary, but some are here to stay. One major function of business we believe is here to stay is the remote workforce.

[Read More from CBIS »](#)

CBSC Preferred Providers

