



CBAI E-Newsletter, sponsored by **SHAZAM**

October 7, 2020

IN THE NEWS

Support Incumbents Ashworth and Gross for Federal Home Loan Bank of Chicago Board

Ballots are out for the Federal Home Loan Bank of Chicago Member Director election. CBAI encourages you to support incumbents James T. Ashworth, vice chairman, CNB Bank & Trust, N.A., Carlinville, and president and CEO, CNB Bank Shares, Inc., Carlinville; and Michelle L. Gross, executive vice president, chief operating officer and director of State Bank of Bement, for re-election this year. CBAI believes they effectively serve the interests of community-based financial institutions on the FHLB board. Signed ballots must be received by mail at the FHLB by November 3, 2020.

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Watch Jim and Michelle's joint message. These two incumbents are asking for your support in the upcoming Federal Home Loan Bank of Chicago Member Director Election! Send in your ballot today!

VOTE ASHWORTH AND GROSS!

Congressional Testimony Highlights Problems with Conferring Banking Powers on Nontraditional Banks and Commercial Firms

On September 29, 2020, in testimony before the United States House Financial Services Committee's Task Force on Financial Technology, Arthur Wilmarth, George Washington University Professor Emeritus and friend of CBAI and community banking, urged extreme caution about expanded powers for nontraditional banks and commercial firms (i.e., Industrial Loan Companies (ILCs) and the OCC's Special Purpose National Bank and new payments company charters (fintechs.)

In comment letters to the OCC and the FDIC, CBAI has consistently echoed Professor Wilmarth's concerns and recommendations for the protection of community banks, our financial system, economy and American taxpayers. The rise of these other participants in financial services, when combined with a competitive landscape that is already skewed in favor of credit unions and Farm Credit System lenders, is an existential threat to community banks and the individuals, small businesses and communities they serve. CBAI will continue to exclusively advocate for the interests of community banks.

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Celebration of Community Banking Golf Outing Held October 1

More than 100 community bankers and CBSC business partners took to the course at Panther Creek Golf Course in Springfield for the *Celebration of Community Banking Golf Outing* on October 1. The day produced memorable shots, good food, fun and a significant donation to a worthy cause.

Proceeds from the sale of mulligans raised \$1,400 for the CBAI Foundation for Community Banking Scholarship Program, which funds scholarships for college-bound high school seniors and Community Bankers School students. CBSC business partner Wolters Kluwer announced it will contribute an additional \$5,000 to the Foundation.

More than \$5,000 in cash prizes were awarded to golfers for various team and individual contests, as well as a dozen door prize drawings.

According to the Hole-in-One Insurance industry, the odds of making a hole-in-one from 140 yards is about 12,500 to 1. Matthew Warchol, vice president at Bank of O'Fallon, beat the odds and recorded an ace on # 14, the 140-yard par 3 hole. "The greens were soft after a brief shower. I hit a 7-iron just short of the green. The ball released and rolled into the cup. My playing partners exclaimed, it's in the hole! We've never seen a hole-in-one before." For his feat, Matt won a one-year supply of Bridgestone golf balls.

In addition to sponsoring the event, CBSC business partners organized contests at eight golf holes. Prizes were awarded for contests such as the Happy Gilmore Long Drive, Marshmallow Long Drive, beat the closest-to-the-pin, guess the number of tees in a jar, and others, which added to the celebration.

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CBAI Urges Improvements to the FDIC's Guidelines for Appeals of Material Supervisory Determinations

In an October 6, 2020, comment letter to the Federal Deposit Insurance Corporation (FDIC), the Community Bankers Association of Illinois (CBAI) urged the Agency to make significant improvements to the current appeals and dispute resolution process, stating it is time-consuming, expensive and lengthy, and not only provides little hope of a positive result but causes bankers to fear retribution for elevating disputes. This comment letter follows the participation of CBAI and member leadership bankers in a December 2019 FDIC listening session in Chicago.

CBAI's recommendations for improvement include expanding the role for the Office of Ombudsman in the revised resolution process; strengthening the independence of a newly structured independent office and appeals review panels to replace the Supervision Appeals Review Committee (SARC); adding outside professionals with more diverse backgrounds and experience to the new review panels; and increasing deterrence of examiner retaliation, abuse or retribution by elevating charges to the Chairman of the FDIC.

[Read CBAI Comment Letter »](#)



Fed Launches Instant Payments Education Series

When it comes to the speed of payments, some have already begun a transformative journey and are finding there's much to do in becoming faster-payments capable. As faster, or instant payments gain momentum in the United States, now is the time to start learning more about these transactions. The Federal Reserve launched an instant payments education series focusing on the basics of faster payments and the path toward adoption. The series starts with articles on the anatomy of an instant payment, industry trends, benefits, and different types of transactions. Explore these educational resources to see the possibilities and plan for the implementation of instant payments.

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Participate in CBAI's Foundation for Community Banking Essay Contest Scholarship Program

The CBAI Foundation for Community Banking provides \$21,000 in scholarship funds for top high school seniors statewide. One semi-finalist may be chosen from each of the CBAI groups via an essay-writing contest. A \$1,000 scholarship can be awarded to a student in 11 of CBAI's 12 groups along with \$500 to a second-place person in each group, which assures geographical uniformity of winners. The statewide winner will win \$1,000 a year for up to four years of higher education. And, as in previous years, the high school of the overall winner will receive \$500. Your bank's chance of sponsoring a winner is better than ever! It costs nothing for your bank to be involved and there are "no strings attached"! However, the banks reaping the greatest benefits are those which offer local scholarships in addition to the \$21,000 the Foundation has made available for awards statewide.

Through promotion of the Scholarship Program to the community-at-large, as well as involvement with students, participating banks have gained a higher profile for their community-service efforts. Local high-school administrators, teachers and guidance counselors appreciate the scholarship opportunities as well. It is, however, not necessary to work through your local school(s). Banks can promote the program at-large and take the applications and essays directly. Each bank then judges the essays and sends the best to the CBAI Foundation.

Your bank can harvest more publicity, better community goodwill, and a higher profile. It also can be applied toward your CRA requirement. For more information, please contact Bobbi Watson at bobbw@cbaicom.

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Wolters Kluwer Donates \$5,000 to CBAI's Foundation for Community Banking

The CBAI Foundation for Community Banking is pleased to announce that Wolters Kluwer's Compliance Solutions business has donated \$5,000 to the Foundation to become a Silver-level sponsor. In support of the Foundation's many scholarships, Wolters Kluwer is helping to secure financial assistance to deserving high-school students.

"We are extremely grateful for Wolters Kluwer's financial support of CBAI activities, in particular its contribution to the Foundation," said Kim McKee, chairman of the Foundation and EVP & COO at North Central Bank, Hennepin. She added, *"For families, the financial crisis has negatively affected post-secondary affordability in many ways. Colleges will still need to charge tuition but may be forced to reduce financial aid. Meanwhile, the financial crisis has reduced family incomes, family assets and family economic stability. A financial scholarship has never been more valuable."*

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Fed's Brainard: Community Banks Key to CRA Modernization

The Federal Reserve relied on ICBA and community bank input in developing its recent advance notice of proposed rulemaking on modernizing Community Reinvestment Act regulations, Fed Governor Lael Brainard told ICBA community bankers. Addressing ICBA's Fall Leadership Meeting, which also featured a Q&A with Treasury Secretary Steven Mnuchin, Brainard said ICBA and community banks have been an important source of information on their unique role in local communities. The Fed's ANPR includes provisions to define activities that qualify for CRA credit, provide dashboards to track progress, and allow smaller community banks to remain under the existing CRA framework.

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FDIC to Congress: We're Working on PPP Asset-Threshold Impact

The FDIC told a group of House Republicans that it is exploring options to address the impact of Paycheck Protection Program loans on bank and bank holding company asset thresholds.

Responding to a letter from 14 lawmakers led by Rep. Barry Loudermilk (R-Ga.) urging regulators to exclude PPP loan balances from regulatory thresholds, FDIC Chairman Jelena McWilliams acknowledged the concern.

In a recent letter to ICBA, McWilliams said the agency is considering targeted adjustments to address the issue. ICBA first raised the concern in messages to Congress and regulators, noting the agencies are authorized to quickly amend PPP regulations.

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SBA Issues Change-of-Ownership Procedures for PPP Borrowers

The SBA issued a notice on the required procedures for changes of ownership of Paycheck Protection Program borrowers. The notice says PPP borrowers remain responsible for meeting the terms of their loans regardless of any change of ownership, including certifications, compliance, and documentation.

Further, PPP borrowers must notify lenders in writing before closing any change-of-ownership transaction and provide lenders copies of proposed agreements. The SBA notice outlines different procedures for various circumstances related to PPP loans and ownership transaction, including which changes of ownership require prior SBA approval.

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IRS: Lenders Shouldn't Report PPP Loan Forgiveness

The IRS recently issued guidance clarifying that lenders should not file information returns or furnish payee statements to report the amount of qualifying forgiveness on Paycheck Protection Program loans.

The tax code generally requires lenders that discharge at least \$600 of a borrower's indebtedness to file a Form 1099-C, Cancellation of Debt, with the IRS and to furnish a payee statement to the borrower. The IRS said lenders should not do so when all or a portion of PPP principal amounts are forgiven in accordance with forgiveness requirements under the CARES Act.

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Bowman: Community Banks Critical to PPP

Community banks were essential to the success of the Paycheck Protection Program by serving the smallest businesses outside the focus of larger banks, Federal Reserve Governor Michelle "Miki" Bowman said.

Speaking at the Community Banking in the 21st Century research conference, Bowman also cited ICBA data that community banks provided most PPP loans to minority-owned, women-owned, and veteran-owned small businesses. Bowman cited a Cleveland Fed article on the role of minority depository institutions and noted that community banks have supported borrowers by reducing or eliminating penalties or fees and actively offering loan deferrals.

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OCC Issues 2021 Bank Supervision Plan

The OCC released its bank supervision operating plan for fiscal 2021. OCC staff use the plan to guide supervisory priorities, planning, and resource allocations.

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Agencies Finalize Temporary Appraisal Relief

Federal regulators finalized a rule that temporarily defers appraisal and evaluation requirements for up to 120 days after the closing of certain residential and commercial real estate transactions. The rule will allow individuals and businesses to more quickly access real estate equity amid the coronavirus pandemic. It is effective upon publication in the Federal Register and will expire on Dec. 31.

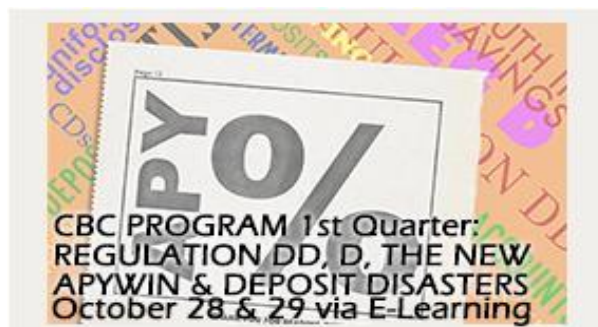
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RESULTS Technology: Be Careful of Who You Invite in!

As a boy, I used to watch the old Dracula movies on Saturday nights. Dracula and other vampires in these movies couldn't enter a house unless they were invited in. The fearless vampire hunter heroes knew this, but somehow there was always someone in the house that defeated security by extending the invitation. If only they had an effective V.A.T (Vampire Awareness Training) program to share with everyone!

Who in your company is the most likely to invite the bad guys in? Currently, 91% of successful data breaches start with a phishing attack and 30% of data breaches are caused by repeat offenders. Computer users in your company need to be trained on the possible consequences of a malware infections so that they can understand the need for potentially intrusive or inconvenient security measures. When everyone is security aware, incidents of malware infection and the resultant fallout drops dramatically.

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CBAI Women in Community Banking Fundraiser for Breast Cancer Awareness in October

For the past few years, the Community Bankers Association of Illinois' Women in Community Banking Conference has raised money for breast cancer awareness. This October, in lieu of our annual conference, we are encouraging CBAI members who would normally attend the event to participate in a month-long fundraiser to continue to support this cause. Breast cancer is a serious disease that affects millions of people and their loved ones each year — in fact, it's the second most common type of cancer in women after skin cancer. All funds will be collected at the end of the month by CBAI and donated to Susan G. Komen Breast Cancer Foundation for breast cancer research on behalf of CBAI Women in Community Banking. Some fun ideas to raise money might include:



- Put a "Piggy Bank" in your break room and feed the pig
- Raffle off your Women in Community Banking Conference basket or donation item
- "Dress Down Days" or "On Friday's – We Wear Pink!" Donations appreciated!
- Challenge someone to match your donation or funds raised
- Pumpkin decorating contest – the most money raised wins

Be creative with your fundraiser and send CBAI a picture! We would love to post them on Facebook or in Banknotes! And remember to wear your PINK!!!

For more information or if you have any questions, please contact [Jennifer Nika](#) at 217/529-2265. Please send contributions to: Community Bankers Association of Illinois, 901 Community Drive, Springfield, IL 62703.

[Download Flier to Post at Your Bank »](#)

Fed: Collaboration Needed for FedNow

A new blog post from the Fed lays out the various stakeholders who will have a role in taking the FedNow instant payments system into the mainstream. The post focuses on end users, financial institutions, interbank network operators, service providers, and others. A recent ICBA op-ed in American Banker noted that community banks support the Fed's decision to launch FedNow but are increasingly eager to get it off the ground through increased transparency and collaboration.

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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](#).



Federal Home Loan Bank of Chicago

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MORE UPCOMING EDUCATIONAL PROGRAMS

CBAI's Career Development Division (CDD) to Hold Fall Meeting October 20

The Career Development Division (CDD) Annual Fall Meeting, scheduled for October 20, 2020, at the Northfield Center, Springfield, is geared toward honing professional and banking skills. Please encourage your CDD member to register now for these informative educational sessions, as well as, the opportunity to network with other CDD members. It is crucial to select a member of your bank to participate in these leadership training sessions designed for the next generation of community bank presidents. If you do not have an employee involved in CDD, we are offering an opportunity for non-CDD members to come see what the Fall Meeting and CDD has to offer; therefore, we are offering a discounted rate of \$239 per person to attend this year's Fall Meeting. [Click here to join CDD!](#)

Elaine Hand, president and founder of Innerview Inc., and Jody Holland, of Jody Holland Training & Consulting, are featured speakers.

Support CDD and [register now](#) for these informative educational sessions; as well as the opportunity to network with other CDD members. If you have any questions, contact [Melinda McClelland](#), CBAI vice president of education & special events, at 800/736-2224.

CBAI is Pleased to Offer ACH: Stay Informed and In Compliance

CBAI is pleased to offer "ACH: Stay Informed and In Compliance" on October 21, 2020, at the Shazam Education Center in Springfield and via on-demand as a recorded session. The on-demand recorded session will be emailed to participants approximately one week after the live program takes place on October 21. Your entire bank can utilize this session for training as it includes the video from the day of the program, plus handout materials identical to the live session. In the ever-changing world of ACH, it is difficult to stay abreast of the risks involved and the ever-changing rules. The presentation gives community banks ideas for reducing risk and improving compliance. The ACH-Rule changes that are effective from 2018 - 2021 are also explained in a practical, easy-to-understand approach. NACHA's upcoming changes are also covered during this one-day program. Identify areas of ACH activity where a financial institution may be held liable if proper procedures are not in place and learn what examiners are looking for relative to ACH. Fraud schemes occurring within ACH processing are outlined. Tim Tedrick, CRPM, CRP, and principal at Wipfli LLP in Sterling, Illinois, leads this seminar.

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MORE NEWS FROM SERVICES

The Baker Group: Baker Market Update

News of the President's improving condition and his release from the hospital have captured headlines. Financial markets that were rocked by the news of his infection last Friday appear to be settling down in today's early trading.

As investors follow that developing story, today's data calendar expects a report from the Institute of Supply Management showing that its Purchasing Managers Index for Services might have slipped a bit last month to 56.2 from 56.9 as reopening delays and interruptions might be negatively affecting the recent comeback of that sector. A similar, private report from Markit U.S. is also expected today and is expected to show its PMI for Services holding steady at 54.6.

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College Ave Webinar: Learn How to Help Families Fund a College Education

You are invited to attend a webinar in our ongoing series of webinars hosted by CBSC's preferred partner College Ave Student Loans.

This webinar will introduce College Ave's private student loan referral program and also share how higher education funding may be changing due to the impact of COVID-19. The COVID-19 pandemic has created an unpredictable financial environment for many families. According to a recent College Ave Student Loans survey conducted by Barnes & Noble College Insights six out of 10 families' budgets were affected by the COVID-19 Pandemic, including plans to fund college.

The College Ave referral program in which more than 20 Illinois banks currently participate, is providing in-school student loans, loans to parents and loans to refinance existing student loans for graduates. Illinois banks can offer these products, advice and assistance in funding college without taking on any origination, disbursement or servicing responsibilities.

When: October 13, 2020 - 10:00 AM Central Time (US and Canada):

Topic: College Ave Student Loan Referral Program

[Click here to register for this webinar »](#)

When: October 15, 2020 - 2:00 PM Central Time (US and Canada):

Topic: College Ave Student Loan Referral Program

[Click here to register for this webinar »](#)

CBSC Preferred Provider Ncontracts Announces the Acquisition of BancIntranets

Ncontracts recently purchased a company that will add key capabilities for financial institution boards and employees with regard to board portals, intranets and online training modules. The firm will spend the next few months integrating these solutions into their product suite, so for the time being, BancIntranets will be operating as they have been before. Stay tuned for more details in January!

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Nominations for Wolters Kluwer Community Impact Award, Data Analytics Award Deadline October 30

Nominations for banks to submit entries for the 2020 Community Impact Award and the 2020 Excellence in Analytics Award are due Friday, October 30. **CBSC Preferred Provider Wolters Kluwer** will announce the winners of these two annual awards, which recognize exceptional compliance efforts in the banking industry, at its annual **CRA & Fair Lending Colloquium** later this year. The Community Impact Award recognizes programs that have had tremendous impact on LMI communities. The Excellence in Analytics Award is presented to an individual committed to thoughtfully and creatively using data to advance his or her institution's compliance management goals.

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CBIS: Equal Employment Opportunity Commission Commences Operations: Lawsuits Expected

After a noticeable pause in activity across the country due to the global pandemic, the Equal Employment Opportunity Commission (EEOC) recently announced that it will re-commence issuing Notice of Right to Sue letters, a process that was suspended for approximately four months.

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