



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

November 4, 2020

IN THE NEWS

CBAI ACTION ALERT: Urge Congress to Address Economic Injury Disaster Loan Advance Deductions from PPP Forgiveness

CBAI joins the ICBA in asking community bankers to urge their members of Congress to fix a problem that has caught many of SBA Paycheck Protection Program (PPP) borrowers off guard. It appears now that their acceptance of an SBA Economic Injury Disaster Loan (EIDL) Advance will result in a reduction of the value of PPP loan forgiveness they had counted on to meet payroll and other critical expenses.

We do not believe that it was the intent of Congress to strap millions of vulnerable small businesses with unexpected debt during the pandemic. Your response to this Action Alert will urge Congress to take all measures necessary to provide relief for affected small businesses and PPP lenders. The EIDL Advance debt trap could not come at a worse time. There must be a full restoration of PPP forgiveness.

Please share this Action Alert with your board members, senior management and staff. We need a strong showing from Illinois community bankers. Thank you for responding!

[Take Action Now »](#)

CBAI Participates in FHLB-Chicago Economic Roundtable

On October 23, 2020, the Community Bankers Association of Illinois' (CBAI) David Schroeder, SVP federal governmental relations, participated in an Economic Roundtable hosted by the Federal Home Loan Bank of Chicago (FHLB-C) with Illinois Congresswoman Cheri Bustos (D-17th). The other trade associations that participated were the Illinois Credit Union League, Illinois Bankers Association, Home Builders Association of Illinois and the Illinois Realtors. FHLB-C Directors Jim Ashworth and Michelle Gross, both of whom are endorsed by CBAI for their re-election to the FHLB-C Board of Directors, gave opening and wrap-up comments.

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Pandora's Box in a Pandemic

- Skimming/Card Cloning
- Fraud
- Social Engineering
- Fraudsters' Toolbox: Targeting the Elderly
- Q & A Session

November 17, 2020
CBAI Headquarters, Springfield

Stay Tuned for the 2020 Election Results

The governmental relations team was working into the night to track key results of yesterday's election. The Illinois Board of Elections reported record early turnout, with 3.8 million Illinois voters voting early. Mail-in ballots were requested by 2.3 million voters in Illinois, with 1.8 million (78%) already returned. That leaves more than half a million potential votes that could be counted for up to two weeks in Illinois, as long as they were postmarked by yesterday. This means that some races are already decided but the outcomes of other close contests might not be known for days or weeks.



Later today we will send out a News from the Front Election Recap highlighting key races, including the progressive tax constitutional amendment, Illinois Supreme Court races, congressional races and an unusually high number of competitive state legislative races. If you regularly receive News from the Front, you can simply check your inbox at 1 p.m. If you'd like to sign up to receive governmental relations specific communications, please contact [Jessie Schmidt](#). The information will also be posted on the CBAI website and will be available later today at the link below.

[2020 Election Results »](#)

Federal Reserve Board Adjusting Main Street Lending to Better Support Small Businesses

The Federal Reserve Board recently adjusted the terms of Main Street Lending Program to better support smaller businesses and their employees that are facing continued hardships due to the COVID-19 pandemic. The minimum loan size for three Main Street facilities available to for-profit and non-profit borrowers has been reduced from \$250,000 to \$100,000 and the fees have been adjusted to encourage the provision of these smaller loans.

This lending program supports lending to small and medium-sized for-profit and non-profit businesses and non-profit organizations that were in sound financial condition before the COVID-19 pandemic but lack access to credit on reasonable terms.

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FHLB Chicago

Federal Home Loan Bank of Chicago

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Senate Bill Responds to ICBA Asset-Threshold Push

The Protections for Good Faith PPP Borrowers and Lenders Act (S. 4875) would remove PPP loans from asset calculations to prevent lenders from crossing asset-size thresholds and incurring additional regulatory burdens. It also would protect lenders from various penalties and enforcement actions and remove PPP loans from the CFPB's purview.

The Senate bill follows the release of ICBA-advocated House legislation directing regulators to exclude PPP loan balances from bank and bank holding company regulatory thresholds within 30 days. The bill, Preventing Regulatory Penalties for PPP Lenders Act (H.R. 8675), from Representatives Barry Loudermilk (R-Ga.) and David Scott (D-Ga.), applies to community banks with \$15 billion or less in total assets.

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Wall Street's Cohn is Wrong About Community Banks

Gary Cohn's recent assessment of the community banking industry proves that Wall Street has very little understanding of what's actually happening on Main Street. In fact, these challenging times have elevated the role of community banks. SBA data shows that community banks made nearly 2.8 million PPP loans, more than half of the program's total loans.

Community banks have had a very long history of being more agile than mega banks. And it's commonplace for community banks to partner with core providers and other third-party vendors to provide the latest technologies and services to their customers.

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CBAI Holds Community BancPac Chairman's Raffle

Congratulations to the winners of the CBAI BancPac Chairman's Raffle! Special Events Immediate Past Chairman Doug Parrott, State Bank of Toulon; CBAI Immediate Past Chairman David Pirsein, First National Bank in Pinckneyville, and new CBAI Chairman Shawn Davis, CNB Bank & Trust, N.A., Carlinville, stepped up to host the Chairman's Raffle.

Winners of the prizes included: Tracy Downs, German-American State Bank, won the Ring Video Doorbell; Mike Estes, The Fisher National Bank, won the Apple AirPods Pro; and Kim McKee, North Central Bank, won the Bose Quiet Comfort 35 II noise canceling headphones, all donated by Shawn Davis. The winner of a stunning, custom-made wine rack and serving board was Rich Eckert, Beardstown Savings, s.b., and the grand prize winner of a beautifully detailed, hand-crafted, outdoor cooler/hospitality center was Andrew Black, Princeville State Bank. Both of these items were donated by David Pirsein. And last but not least is the winner of the CEO Challenge, Chuck Deters, Dieterich Bank.

A special thanks to SHAZAM for their sponsorship! A BIG THANK YOU to David and Shawn for donating the amazing raffle items and to everyone who purchased tickets to support Community BancPac!

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The Baker Group: Market Update

Markets started off the week intent on putting on a brave face. Treasuries are rallying and equity markets are flashing bright green. There's a lot of data out this week; a new Jobs Report on Friday among the highlights.

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CBIS: Fall Insurance Market Update

As we entered 2020, a number of factors were impacting the insurance marketplace. First, there was a substantial increase in the number of large weather-related loss events. Second, interest rates were at historical lows, and third, the industry was dealing with a rapidly increasing loss trend in liability lines. Each of these factors helped drive up prices and reduced coverage availability. Unfortunately, all of these conditions still exist today. And after eight months of increases in weather-related losses and interest rates that are likely to remain near zero for the foreseeable future, the reinsurance marketplace has hardened as well. Add to all these factors a global pandemic and the related economic fallout, and the market is experiencing a high sense of uncertainty. This uncertainty is contributing to the feeling that this is a time — not unlike in the wake of 9/11 — where the market has entered into a new phase of recalibration. Many would call this recalibration a hard market in the U.S.

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Wolters Kluwer: Update and Current Status of IRAs: What Has Changed and What you Need to Know

In this episode, **“Update and Current Status of IRAs: What Has Changed and What you Need to Know,”** our expert and host, Vice President of Banking Compliance Solutions **Samir Agarwal**, is joined by **Michael Schiller**, manager of specialized consulting for tax-advantaged accounts with Wolters Kluwer’s Compliance Center of Excellence, discuss how current rules, including the SECURE Act and the CARES Act, have impacted IRAs since the pandemic. Agarwal and Schiller walk us through provisions within these pieces of legislation, describe the impact they have had, and share some practical guidance for bankers on managing tax advantage accounts and adapting banking processes and client outreach in the current environment.

[Full Episode Here »](#)



CBSC PREFERRED PROVIDERS

FHFA Extends Forbearance Purchases

The Federal Housing Finance Agency extended the deadline from October 31 to November 30 regarding Fannie Mae and Freddie Mac purchases of single-family mortgages in forbearance that meet specific eligibility criteria.

Normally, mortgage loans in forbearance or delinquency are ineligible for delivery under the enterprise's requirements, but the FHFA's temporary policy has been in place since April due to the COVID-19 pandemic.

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OCC: Agencies Propose Regulation on the Role of Supervisory Guidance


Five federal financial regulatory agencies recently invited comment on a proposal outlining and confirming the agencies' use of supervisory guidance for regulated institutions. The proposal would codify the statement, as amended, that was issued in September 2018 by the agencies that clarified the differences between regulations and guidance.

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CFPB Issues Final Rule: Improving Clarity and Transparency by Amending Disclosure of Records and Information Regulation

Recently issued was a final rule amending its Disclosure of Records and Information Regulation. The rules tries to balance concerns regarding the CFPB's need to protect confidential information against the need to use and disclose certain information in the course of the work of CFPB and other agencies with overlapping statutory or regulatory authority.

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Fed's CRA Plan Does Too Much and Too Little

The Federal Reserve's proposed Community Reinvestment Act reform is a disappointment for not doing what it was supposed to do, and for doing something that it was never asked to do.

When regulatory efforts began, modernizing the 1977 CRA to account for digital and branchless banking was the simple goal, according to both the Treasury Department and the Fed. Instead, the Fed's advance notice of proposed rulemaking tries to reinvent the CRA wheel. It should have merely adopted the 5% deposit reinvestment provision as the Office of the Comptroller of the Currency did in its final CRA rule released in May.

The OCC's straightforward rule requires giant credit card companies and other branchless banks to define their assessment areas where they provide CRA benefits to include any geography sourcing 5% or more of their deposits.

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BE SURE TO SAVE THE DATES!!!

We hope you'll join us in Chicago for our 47th Annual Convention & Expo!

Common Scams – Be Aware and One Step Ahead

Whether it be a phishing attack scam, a "you've won" scam, a "your car warranty..." scam, or even a tech support scams, all are potentially dangerous and can affect you and your bank. Be aware of these types of scams and how to dodge a sticky situation. Getting scammed is an unpleasant experience, but you can be one step ahead.

[Read More from U.S. Department of Homeland Security »](#)

[Read More from CBAI »](#)

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**.

Follow CBAI on Social Media

Get the latest CBAI news and events, plus additional pertinent information for community bankers on our Facebook and LinkedIn pages! Like us on **Facebook** and follow us on **LinkedIn**. Let us know what your bank is doing! We would love to share your new hires, retirements and other news on our social media pages. Contact **Valerie Johnston**.

CBAI LEGAL: BREAKING NEWS!!! Division of Banking Issues Interpretive Letters

In 2020, the State Division of Banking has issued four Interpretive Letters, after not having issued one since February of 2016.

[Read Most Recent CBAI LEGAL »](#)



MORE UPCOMING EDUCATIONAL PROGRAMS

Don't Forget Illinois State Mandated Sexual Harassment Training for 2020!

If you have not completed the Illinois State Mandated Sexual Harassment Training that must be done in 2020, look no further than CBAI! We are offering two on-demand webinars – one for managers and supervisors, and another for all employees. Our training courses cover the requirements as set forward by the State of Illinois.

[Don't Wait, Register Now »](#)

Identifying & Managing Agriculture Problem Loans in a Volatile Lending Environment Set for December 9

Ag lenders, chief lending officers, and credit analysts would all benefit from attending this seminar. The 2019 crop year can probably best be described as a roller coaster ride that would exceed anything you could ever find at an amusement park. Producers and their lenders experienced every emotion during the year from late to no planting to better than expected crop yields to concern over low commodity prices for the next year or so, and perhaps beyond. There was hope for a better 2020, and then in early 2020, an invisible enemy entered the lending environment whose impact is still uncertain, but that appears to exceed anything envisioned in our wildest dreams. Consequently, there will probably be an increase in problem loans. Of course, the financial impact will vary across producers and assessing that impact will require the ability to assess each individual operation. The program focuses on the preparation and use of financial statements, including an accrual-adjusted income statement, to calculate some of the most commonly used financial measures and how to compare those measures to industry averages. Also, a spreadsheet that is available at no cost, is used to illustrate how to prepare an accrual-adjusted income statement and then assess the impact of a variety of revenue, expense and interest rate scenarios on profitability and repayment capacity. What is ahead for 2021 and beyond? Who knows, but we better be ready to buckle up and hang on, because that roller coaster car is about to leave the platform and we better be prepared for the unexpected twists, turns, ups and downs. All aboard!

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