



NEWS FROM THE FRONT- 4/9/2020

Most community banks are scrambling to enact the PPP loan program with limited guidance from SBA. CBAI is working to gather reliable, verified and useful information that we are sharing quickly with members through regular emails from CBAI President Kraig Lounsberry. While PPP and the CARES Act have been in the forefront over the past two weeks, we continue to work on other issues as well. This edition of NEWS FROM THE FRONT will focus on other issues of concern for community bankers.

Legislative Schedules

The Illinois General Assembly is not expected to meet in April while the stay-at-home order is in place. The pressure to convene session to pass a hospital assessment bill for Medicaid funding dissipated after the Department of Healthcare and Family Services prepared an assessment plan to submit to federal CMS without legislative approval. The legislature will need to pass an FY21 budget, most likely before May 31 when the number of votes necessary for approval increases to a three-fifths majority. Budget development will be challenging this spring without adequate forecasting of incoming revenues for the remainder of FY20.

CBAI has had discussions with legislative leaders about the pending budget discussions. We have urged them to consider inclusion of our proposal to waive state income tax on commercial and agricultural loans under \$5 million made by community banks. This would help ensure community banks have the financial strength to assist our small business and ag customers.

The House and Senate are both convening bipartisan working groups to discuss specific legislative issues that may be necessary as “urgent legislation.” CBAI will engage with those working groups to provide guidance and advocate for the interests of community bankers and the customers you serve.

Congress remains in recess during the crisis and may return to Washington as early as late April or if an urgent need arises. CBAI has been in almost daily contact with members of the Illinois Congressional Delegation and their staffs in continuation of our advocacy efforts during their work from home (district) period.

Senate Majority Leader Mitch McConnell has indicated that he will continue working with Senate Democrats to approve an additional \$250 billion in PPP funding using a parliamentary procedure motion allowing the Senate to pass uncontroversial legislation.

CBAI Works with Smallest and Largest Counties to Keep Recorder's Offices Open

Governor JB Pritzker's stay at home order specifically listed County Recorder's Offices as essential governmental services that should remain open during the shutdown. This is vital for community bankers who need to perform title and records searches and file real estate closings to assist our residential, small

business and ag customers. While recorders offices are considered essential under the order, the Governor's Office has left it up to individual counties to decide how they will provide services. This has created an inconsistency and a need to work with some counties individually to address concerns.

For example, Cook County is Illinois' largest county. CBAI worked with a coalition including Realtors, Illinois Land Title Association, IBA and ICUL to convince the Governor to issue an executive order to allow remote notary services to keep real estate transactions moving. In Ford County, one of Illinois' smallest, CBAI worked directly with the County Clerk and County Prosecutor to develop an electronic process to request documents. The county faced unique concerns with the courts, jail and recorders office all sharing the same building with significant concerns over access for records searches. No one is too big or too small to deserve the assistance of community bankers. If you have issues or concerns with your county please let us know how we might intervene on your behalf.

IDFPR Issues COVID-19 Related Guidance for Banks and Lenders

The Illinois Department of Financial and Professional Regulation announced a series of actions to protect individuals in many areas of consumer borrowing, servicing, and collections. The Department also provided guidance to its regulated entities, state banks, credit unions, installment lenders, payday lenders, title loan lenders, sales finance lenders including auto loans, currency exchanges, student loan servicers, mortgage servicers, and collection agencies concerning their lending, servicing, and collection during the COVID-19 pandemic. [Click here for more information is here.](#)

Stimulus Check Cashing for the Un-Banked

CBAI has initiated conversations with IDFPR and federal regulators to discuss the ability of the community banks to cash stimulus checks for the unbanked. We raised concerns about cashing checks for non-customers which included bank policy prohibitions, compliance with federal regulations for knowing your customer, and the risk of loss. Various solutions are being discussed to bring these individuals into the banking system. CBAI and banking regulators will continue these discussions ahead of the release of the stimulus checks later this month and next in hopes of finding a reasonable and cost-effective alternative for these individuals.

Durbin Pivots from Initial Criticism to Promises of Help for Community Bankers on PPP Loans

Hours after the botched rollout of the SBA PPP program, U.S. Senator Dick Durbin sent a letter to CBAI, IBA and ICUL criticizing Illinois financial institutions for their handling of the program. He also sent out a news release publicly criticizing financial institutions. It was quite clear that Sen. Durbin and his staff did not fully understand the challenges community bankers were facing in implementing the program. CBAI staff and several community bankers reached out to Sen. Durbin to explain our frustration with the program. We drafted a joint response letter with the IBA in an effort to give the Senator solid information in the hopes of assistance moving forward. Over the weekend, Sen. Durbin's staff reached out to let us know that they now understand the shortcomings of the program and the challenges community bankers face in assisting their customers. While we were disappointed by Sen. Durbin's initial reaction, we are hopeful he will use his position and influence to work with us as a partner to solve problems going forward.

[Read Senator Durbin's Letter](#)

[Read CBAI Response Letter](#)

Illinois Downstate Small Business Stabilization Program Could Serve Customers PPP Leaves Behind

Another avenue for your customers who may not be eligible to participate in PPP is the Small Business Stabilization Program offered by the Illinois Department of Commerce and Economic Opportunity. Small businesses in downstate Illinois seeking funds can apply through a unit of local government (city, village or county) following the Program Guidebook and Application requirements. The Fund will offer small businesses, with up to 50 employees to obtain grants (not loans) of up to \$25,000 in working capital. This program may provide an additional option to refer small business customers who may not be eligible for programs you are currently offering.

[Click here for the Program Guidebook and Application](#)

Illinois Department of Labor Advises on Requiring Employees to Wear Masks

CBAI asked the Illinois Department of Labor for advice on employers requiring employees to wear masks following up on a member question. They offered this advice;

If an employer wishes to direct their employee to wear something, then it is presumed that the employee would need to comply (i.e. uniform, name tag, or mask for hospital workers).

They also shared CDC guidance on face coverings and OSHA guidance on the COVID-19 Crisis.

[CDC Guidance](#)

[OSHA Guidance](#)

CBAI Urges Productive Modernization of the CRA

CBAI issued comments as part of the rule making process to the regulators offering guidance on plans to modernize the Community Reinvestment Act (CRA). The CRA was enacted in 1977 and has not been significantly revised since 1995. The CRA needs to be modernized to reflect new technologies, customer preferences in the delivery of banking services, and it is also an opportunity to highlight and retain parts of the Act, identify missed opportunities for additional credit, reduce the regulatory burden on community banks, and include for compliance other financial service providers.

[CBAI Urges Productive Modernization of the CRA](#)

Notes from Springfield

Governor Pritzker has suggested that the state may have to move toward a total vote-by-mail system for the November election due to the uncertain future track of the pandemic. Republican leaders have expressed concerns over the proposal which would require legislative approval

Governor Pritzker extended the state's disaster proclamation, stay-at-home order, and suspension of non-essential business through April 30 in [Executive Order 2020-18](#). Coronavirus Response from the governor's office and agencies can be found [here](#).

The Illinois Department of Employment Security announced that employers will not face a penalty fee for filing their February 2020 wage reports late. The emergency rule was electronically filed with the Secretary of State on April 7, 2020 and becomes immediately effective.

[Department of Employment Security Waiving Penalty for Employers](#)

IDFPR issued a statement on remote online notarizations. This follows Governor Pritzker's executive order

and guidance form the SOS that CBAI has previously shared. [Click here for the statement on remote notarization.](#)



CBAI's Governmental Relations Team

For more information, or if you have any questions or comments, please contact [Jerry Peck](#) or [Megan Peck](#) at 800/736-2224.

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