



Community Bankers Association of Illinois NEWS FROM THE FRONT

July 6, 2020

President Signs an Extension of the PPP

The President signed legislation into law which was passed by the U.S. House and Senate to extend the Paycheck Protection Program (PPP) until August 8, 2020. At the Program's expiration, the SBA had approved \$520.6 billion of PPP loans, which left approximately \$130 billion of remaining funds. The legislation also decoupled the PPP reauthorization from the SBA's 7(a) guarantee program to avoid shutting it down when the PPP expires. The extension of the Program into August was designed to provide Congress time to pass another economic relief package. Community bankers can continue to use ICBA's [Be Heard grassroots action center](#) to recommend reforms to be included in the next relief bill.

SBA and Treasury Release Paycheck Protection Program Loan Data

The Small Business Administration, in consultation with the Treasury Department, is releasing detailed loan-level data regarding the loans made under the Paycheck Protection Program (PPP). This disclosure covers each of the 4.9 million PPP loans that have been made.

Today's release includes loan-level data, including business names, addresses, NAICS codes, zip codes, business type, demographic data, non-profit information, name of lender, jobs supported, and loan amount ranges as follows:

- \$150,000-350,000
- \$350,000-1 million
- \$1-2 million
- \$2-5 million
- \$5-10 million

These categories account for nearly 75 percent of the loan dollars approved. For all loans below \$150,000, SBA is releasing all of the above information except for business names and addresses.

The data release also includes overall statistics regarding dollars lent per state, loan amounts, top lenders, and distribution by industry. The loans have reached diverse communities proportionally, across all income levels and demographics.

In addition, the data provides information regarding the sizes of participating lenders and participation by community development financial institutions, minority depository institutions, Farm Credit System institutions, fintechs and other nonbanks, and other types of lenders. It further contains data showing the reach of the program in underserved communities, rural

communities, historically underutilized business zones (HUBZones), and participation by religious, grantmaking, civil, professional, and other similar organizations.

[View the Paycheck Protection Program Report through June 30th.](#)

[Loan-level data.](#)

CBAI Asks Governor to Reconsider Moratorium on Repossession

CBAI has joined the Illinois Bankers Association, Illinois Credit Union League and Illinois Automobile Dealers in asking Governor JB Pritzker to reconsider his executive order placing a moratorium on vehicle repossessions during the pandemic. In a joint letter, we asked the governor to ease restrictions and help lenders protect their security interest in the loans. In the early days of the pandemic, the governor acted quickly to prohibit repossessions, but after four months of continuing to reissue the same blanket order, we believe it makes more sense to take a more specific approach. We have requested meetings with IDFP and the Governor's Office to discuss policies on repossessions going forward.

[Read Joint Trade Association Letter to Governor Pritzker.](#)



CBAI Urges FDIC to Halt Industrial Loan Company Approvals and Close the ILC Regulatory Loophole

CBAI has consistently opposed the mixing of banking and commerce, which industrial loan companies (ILCs) represent, because of the risks they pose to the financial system, our economy and American taxpayers. Our concerns are magnified by the lack of supervision and regulation (i.e., the 'loophole') of their parent holding companies by the Federal Reserve.

In a June 29, 2020, comment letter to the FDIC, CBAI expressed its opposition to the mixing of banking and commerce and urged a moratorium on approving deposit insurance applications until the unique risks posed by ILCs can be thoroughly explored in post-pandemic Congressional hearings, and for Congress to close the ILC 'loophole'. CBAI also urged public hearings to be held on each pending ILC application for deposit insurance before the FDIC acts on the application.

[Read CBAI Comment Letter to the FDIC.](#)

CBAI Urges Caution in FHFA's Review of FHLBank Membership

In a June 23, 2020, response to a Request for Information (RFI) by the Federal Housing Finance Agency (FHFA), the Community Bankers Association of Illinois (CBAI) urged caution by the FHFA

in its review of membership eligibility in Federal Home Loan Banks. CBAI stressed that the regional structure, special functions and unique purpose of the FHLBanks are important to the nation, and must be recognized, supported and maintained by policymakers.

CBAI recommended the FHFA not unilaterally exclude any class from FHLBank membership, and not again propose an ongoing mortgage asset test for bank membership. Further, Congress should dictate major membership decisions. Additionally, the FHFA should maintain a reasonable degree of flexibility in developing a set of principles and requirements of general applicability for membership, while maintaining the rigorous safety and soundness standards and the housing and community development mission focus that has served the FHLBSystem and its members well for many decades.

[Read CBAI Comment Letter to the FHFA.](#)

FDIC Codifies the “Valid When Made” Doctrine

The FDIC joined the OCC in codifying the “valid when made” doctrine, or the so-called “Madden fix,” which clarifies that the interest rate on loans will continue to be valid after the loans are transferred.

CBAI supported this rulemaking in a comment letter to the regulators dated January 20, 2020. In its letter, CBAI stated that transfers [assignments] are an important choice, and often the best course of action to manage liquidity. Banks also rely on assignments in secondary market securitization to manage concentrations of credit and access other funding sources. All these tools are used to effectively manage financial institutions and meet customers’ needs. This management tool would be significantly weakened if the interest on assigned loans to third parties were uncertain for fear of violating state usury caps.

[Read FDIC Press Release.](#)

[Read FDIC Fact Sheet.](#)

[Read CBAI Comment Letter.](#)



CBAI Federal Policy Priorities

The many events during the first half of the year have had a significant impact on government relations and the CBAI Board of Directors approved a mid-year revision to our Federal Policy Priorities to reflect those events.

[Read CBAI’s 2020 Federal Policy Priorities.](#)

Notes from Springfield

The Fall Veto Session is scheduled for November 17-19 and December 1-3.

The state's minimum wage increased on July 1 from \$9.25 to \$10 an hour. The wage increased to \$14 an hour in Chicago and \$13 an hour in Cook County. The wages increase again on January 1. The \$.38/gallon gasoline tax also rose on July 1 by another seven-tenths of a cent per gallon; the tax will increase each year on July 1.

July 1 began the new fiscal year 2021-22 state budget. Illinois has already borrowed \$1.2 billion from the Federal Reserve and \$1.5 billion in interfund borrowing. The unpaid bill backlog remains at \$5.4 billion, in addition to the \$2.7 billion just borrowed.

The Commission on Government Forecasting and Accountability reports that the state's unfunded liability for employee pension funds in FY19 increased from \$133.5 billion to \$137.2 billion despite a robust stock market. The funded ratio of assets to liabilities is 40.3 percent. Pension systems should generally have a funded ratio of at least 80 percent; the state's goal is 90 percent. These figures do not account for the COVID-19 economic crisis.



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