



CBAI Legislative Accomplishments 1990 - 2017

Successfully passed legislation that will require repair shops and garages that seek to impose fees in connection with the storage of a vehicle, to provide written notice, by certified mail, to the lien holder of record prior to the assessment and accrual of the fees. This new laws will also require these shops and garages to provide an opportunity to inspect the vehicle on the premises where the vehicle is stored and also provides that payment of the storage fees by the lien holder may be made in cash or by cashier's check, certified check or wire transfer, at the option of the lien holder.

Successfully supported regulatory relief and pro-community measures in the 2015 Highway Bill. These measures include: a longer exam cycle for CAMEL 1 and 2 banks with less than \$1 billion in assets; broader access to the "rural lender" designation for qualified mortgages; elimination of the annual privacy notice mailing when policies remained un-changed; and total restoration of Federal crop insurance cuts in the previous budget bill. CBAI also opposed the cut in the Federal Reserve stock dividend, but supported the exemption from this cut for banks with assets of \$10 billion or less.

Successfully supported legislation to provide that a mortgage loan brokered, funded, originated, serviced, or purchased by a party who is not licensed shall not be held to be invalid solely on the basis of specified violations of the Act. This legislation was introduced to clarify the Illinois Residential Mortgage License Act in response to a recent Illinois Appellate Court decision, *First Mortgage Company LLC v. Dina*, holding that a mortgage securing a loan was void solely because it was originated by a lender that was not licensed under or exempt from the Act.

Successfully supported legislation to allow a state bank's board of directors to authorize a savings promotion raffle as a promotional tool.

Successfully supported legislation requiring that at least one member of the Federal Reserve Board have experience as a community banker or a community bank supervisor. This new law will ensure that community bankers have a continuous voice on the Board for generations to come.

Successfully supported legislation that will allow community banks and title companies to agree to use settlement funds other than wire transfers for transactions over \$50,000.

Successfully supported legislation to authorize the deposit of public funds into demand deposit accounts through an Insured Cash Sweep (ICS) demand option. The ICS option moves funds into FDIC insured accounts at participating banks in amounts that do not exceed the FDIC insurance maximum thereby eliminating the need to pledge collateral for these public funds. This legislation has resulted in over \$2 billion in public funds being deposited in community bank ICS accounts in just the past two years.

Successfully eliminated the mandate that newly opened checking accounts begin with number 101 and must have the opening date (month and year) printed on the face of the check.

Successfully supported The Homeowner Flood Insurance Affordability Act which prevented sharp flood insurance rate hikes while ensuring the actuarial soundness of the National Flood Insurance Program.

Successfully convinced federal banking regulators to rectify a Volcker Rule provision requiring banks to divest their holdings of collateralized debt obligations (CDOs) backed by trust-preferred securities (TruPS). This change helped many community banks avoid the dramatic market impact of revised accounting treatment and forced divestiture of these securities.

Successfully supported legislation to create an expedited foreclosure process for vacant and abandoned property.
Successfully advocated for community banks to pay lower fees for foreclosure filings than large banks.

Successfully clarified that a portion of the Conveyances Act is permissive, not mandatory, so it cannot be used to affect the validity or priority of a properly recorded mortgage by a trustee in bankruptcy.

Successfully supported changing the Federal Electronic Fund Transfer Act to remove the requirement to disclose fees on a physical sign on an ATM terminal.

Successfully supported provisions in the JOBS Act which increased the SEC registration threshold from 500 to 2,000 and the deregistration threshold from 300 to 1,200.

Broadened the Illinois Trust and Payable on Death Accounts Act to allow the non-probate transfer of ownership of the account funds to an organization that is not a "natural person".

Clarified into existing law that the annual interest rate for commercial loans may be lawfully computed based on a 360-day year (often called the "365/360" method).

Reconstituted and reorganized the State Banking Board.

Successfully supported a change in the FDIC assessment method from domestic deposits to assets minus Tier 1 capital.

Successfully supported a permanent increase in deposit insurance coverage to \$250,000.00.

Successfully supported a two year extension of the Transaction Account Guarantee program.

Successfully supported the preservation of Trust Preferred Securities as Tier 1 capital for banks under \$15 billion.

Successfully supported to continue regional Federal Reserve Bank examinations of state member banks and small-bank holding companies.

Successfully supported a three-year moratorium on new industrial loan companies (ILCs).

Successfully supported the community bank exemption from examination and enforcement from the Consumer Financial Protection Bureau.

Successfully supported a \$30 billion Small Business Lending Fund as part of the Small Business Jobs Act.

Resolved the call report fee/fund sweep lawsuit against the Blagojevich administration.

Provided state-chartered banks with substantial call report fee refunds for overpayment of call report fees dating from December 2003 to December 2008.

Going forward, rolled back the 27.5 percent call report fee increase of December 2003 by 14 percent, with prohibition of any increase in fees until 2011, and codified call report fees so an increase will not be allowed by rule, but must be accomplished through an act of the General Assembly.

Prevented ILCs from operating retail banks on commercial premises.

FHLB stock ownership qualified as an exception to a state-chartered financial institution's investment limits (20% of total capital).

Permitted interstate de novo branching on a reciprocal basis.

Enabled financial institutions to hold deposits of a public agency and participate in programs such as CDARS (i.e., Certificate of Deposit Account Registry Service), provided that deposited funds are initiated at an Illinois bank and that said funds are federally-insured.

Increased lending limits for state-chartered financial institutions to 25%.

Provided bank directors and officers with a liability protection for reliance on third party advice or counsel.

Created penalties for misleading marketing solicitations that misuse the name of a bank.

Expanded criminal penalties applicable to check fraud to other financial institutions.

Expanded payable on death accounts to include joint accounts and allow the designation of an additional beneficiary in the event both account holders were to die.

Removed annual independent audit requirement to bank trust departments; expanded the rights of lien holders and mortgagees in cases of delinquent property taxes.

Enacted the Data Processing Services for Financial Institutions Act to require primary and secondary data processors to share information; enabled Illinois banks to purchase products from a secondary vendor without interference.

Authorized public treasurers to accept FHLB letters of credit as collateral to secure public funds in excess of FDIC insurance limitation.

Authorized Illinois banks to change their main address, with the OBRE Commissioner's approval, without a shareholder's meeting or charter amendment.

Eliminated the need to amend state bank charters to establish a limited liability to the bank or its shareholder(s) for breach of fiduciary duty by a director.

Enhanced IFDA State Guarantees to become "full faith and credit" guarantees, allowing all Illinois banks (state and national) to utilize exceptions to lending limit statutes; expanded the rights of lien holders and mortgagees in cases of delinquent property taxes.

Authorized parity between state-chartered banks and Federally-chartered savings banks and thrifts through enactment of the so-called "Wild Card" provision.

Authorized lenders to perfect a security interest in a CD by possession, and in an uncertified CD in the same manner as a deposit account which enables the use of CDs as collateral to prevent customers from withdrawing CDs too early.

Clarified that a fiduciary is permitted to deposit beneficiary proceeds into a personal account (according to specific criteria) without committing a breach of obligation.

Simplified and re-organized Ag lending by designating the Secretary of State as the exclusive, central filing officer for security interests in farm collateral, etc.

Created a liability protection for lenders who become victims of a fraudulent Power of Attorney.

Authorized reverse stock splits for bank holding companies, making it easier to take advantage of Sub-S tax benefits.

Reduced the number of times a Call Report must be published (now only annually).

Repealed the requirement that a notice of a special stockholders' meeting to vote on either a merger or a charter amendment be published.

Provided direction and clarity as to a bank's role when in receipt of an adverse claim to a deposit account.

Successfully amended the Illinois Insurance Code to clarify that financial institutions do not need to be licensed to enroll bank customers in group credit insurance policies. This legislation was introduced because other amendments to the Illinois Insurance Code created confusion in the marketplace and misinterpretation of the law within the Department of Insurance under the Quinn administration. The new law clarifies the existing statutes to avoid any future confusion or misinterpretation on this issue.

Successfully amended the Data Processing Services for Financial Institutions Act to codify that if a financial institution makes data available to an independent data processing servicer, the data shall remain the property of the financial institution.

Last updated: October 2, 2017