



Community Bankers Association of Illinois
Department of Governmental Relations

NEWS FROM THE FRONT – 1/13/09

SETTLEMENT AGREEMENT BILL (SB 2513) PASSES HOUSE AND SENATE!

The legislation needed to implement the Settlement Agreement that would resolve our call report fee/fund sweep lawsuit against the Blagojevich Administration has passed both the House and the Senate. It will soon be sent to the Governor's desk for signature.

Last spring, after the House voted 109-0-4 to pass the legislation, House Leadership filed a motion to reconsider, causing the bill to remain in the House. Because of a strained relationship with the Governor, House Speaker Michael Madigan held the bill for months. However, the Speaker recently agreed to the passage of the bill with the addition of an amendment to address mortgage foreclosures.

The amendment provides for a mortgage foreclosure moratorium for homeowners who enter counseling. After a homeowner is delinquent by more than 30 days, the mortgagor must mail a notice indicating that the homeowner has 30 days to seek housing counseling, for which they would receive an additional 30 day grace period, totaling a 90 day moratorium. The addition of the mortgage foreclosure moratorium language was necessary to the passage of the settlement language as the two issues were tied together by leadership in the House of Representatives. CBAI insisted on certain provisions in the foreclosure legislation that allowed us to remain neutral on that portion of the bill.

These provisions include: (1) a sunset date; (2) regulatory forbearance; and (3) application to occupied principal residences only.

Once enacted, the underlying provisions of Senate Bill 2513 will accomplish the following things:

- Reduce call report fees on state-chartered banks and thrifts (rolling back the 27.5% increase imposed by the Administration by 14%).
- Codify the call report fees into statute, so that the Administration would not have discretion to increase the fees again through the use of the Administration's rulemaking powers.
- Limit the authority of the Administration to sweep funds from the financial institutions' regulatory funds into the State's General Revenue Fund (so that no more than 10% of the revenues paid into the regulatory funds can be swept into the General Revenue Fund, and such discretionary sweep authority of the Administration expires in January of 2011).

- Mandate that the State’s portion of the funds to be divided as part of the settlement of the lawsuit must be paid into a newly-created “Financial Institutions Settlement of 2008 Fund,” which will be applied to help offset some of the State’s costs with respect to various State healthcare programs (the other portion of the funds to be divided pursuant to the settlement agreement will be refunded to state-chartered banks and thrifts for call report fee overpayments made since the 27.5% increase).

CBAI would especially like to thank State Senator Terry Link (D-Waukegan) and State Representative Joe Lyons (D-Chicago) for their hard work and perseverance on this issue.

The enactment of SB 2513 and the corresponding settlement of the call report fee/fund sweep lawsuit will result in CBAI’s state-chartered members realizing reduced call report fees and a refund from the State for the disputed call report fee overcharges dating back to the 27.5% increase in December of 2003. Although it has been more than four years since CBAI joined the Illinois League of Financial Institutions and the Illinois Credit Union League in filing the lawsuit in December of 2004, our pursuit of this strategy and willingness to take on this administration will soon bring tangible financial relief to state-chartered institutions.

Please contact [Kraig Lounsberry](#) or [Megan Stieren](#) if you have any questions regarding these issues or any other legislative item.