



**Community Bankers Association of Illinois**  
*Department of Governmental Relations*

***NEWS FROM THE FRONT- 3/15/18***

The Illinois Senate adjourned session for the week after canceling Thursday's scheduled session day. Both chambers are now on spring break. The House returns to Session on Monday, April 9<sup>th</sup>. The Senate will resume session on Tuesday, April 10<sup>th</sup>. When the General Assembly returns to session, only one week will remain to pass substantive legislation out of committee in both chambers. April 13<sup>th</sup> is the committee deadline for both chambers.

**Election News**

Tuesday, March 20<sup>th</sup> is the primary election. First-term Republican Governor Bruce Rauner faces a primary challenge from conservative Republican State Representative Jeanne Ives. On the Democratic side, J.B Pritzker, Senator Daniel Biss and Chris Kennedy are the top contenders vying for the Democratic Gubernatorial nomination.

In the race for Attorney General, on the Democratic side, former Governor and State Treasurer Pat Quinn, State Senator Kwame Raoul and State Representative Scott Drury are all vying for the Democratic nomination to replace Attorney General Lisa Madigan who is not seeking re-election.

In the General Assembly all 118 House seats and 39 of the 59 Senate seats (21 of 37 Democrats and 18 of 22 Republicans) are up for election in November. There are 6 primary contests in the Senate and 47 in the House. In the 2018 election cycle, there are 28 legislators not seeking re-election to their current office: 7 Senators and 21 Representatives. The outcome of Tuesday's primary elections will likely shape the narrative for the remainder of the spring legislative session.

**Revised Uniform Unclaimed Property Act Update**

CBAI's top legislative priority for 2018 is addressing troubling provisions in the Revised Uniform Unclaimed Property Act (RUUPA) that was slipped into the budget bill last year and passed with no debate or discussion on the specific provisions of the language. Our efforts are being conducted on two fronts. Although the legislation took effect on January 1, 2018, the Treasurer's Office is still working on administrative rules that will further flesh out details of the program. CBAI has been engaged with the Treasurer's Office in an effort to convey our

preferences for the final rules. We are encouraged that the Treasurer's Office is open to considering tightening confidentiality standards and further defining visitation standards. That said, there are still many troubling aspects of the law that cannot be fixed by administrative rule and will require a legislative remedy.

CBAI is working with a coalition of associations representing the financial profession that has introduced [SB 3229 \(Harmon, D-Oak Park\)](#). The legislation addresses many consumer protection issues including time deposits, automatically renewing CDs, ACH transactions triggering indication of interest, visitation standards, data confidentiality and the use of third party contingency fee auditors. Following an opening round of negotiations, our coalition is working on a revised version of the proposal which is being drafted into legislative language and will be presented to the Treasurer's Office in the coming week as discussions continue.

RUUPA creates great dangers for consumers including confiscation of property, loss of interest on savings, burden of reclaiming property from the Treasurer's Office and the risk of giving sensitive and confidential financial data to third parties. Ironically, the Treasurer has attempted to frame RUUPA as a consumer protection effort. Unfortunately, legislators were denied the opportunity to properly vet the re-write of the law. In their rush to pass the state's first full budget in three full years they were forced to accept these changes. It is imperative that CBAI educate legislators about the negative effects of RUUPA on our customers. We must continue to point out the unnecessary harm that will come to their constituents if these serious issues are not addressed in new legislation. This education effort will be a key focus of our CBAI member lobbying efforts during this year's Capitol Conference on April 18th. [Click here](#) for more information or to register.

### **CBAI Initiative- Changes to the Illinois Banking Act Gets Some Pushback**

[SB 2885 \(Nybo, R- Lombard\)](#) amends the Illinois Banking Act to make several changes. The legislation would allow banks with less than \$50 million in assets (up from the current \$20m)- with approval from the Secretary of IDFP- to have a minimum of 3 directors (instead of at least 5). This standard hasn't been updated in about 30 years and has failed to keep up with inflation. Even with the increased threshold would still require approval from the Secretary of IDFP. The bill also creates consistent language within a section regarding government obligations. This change treats direct investments in the bonds or securities of government agencies consistently with loans to an individual that are secured by those very same government agency bonds or securities. Finally, the legislation would allow the State Banking Board to request from the Division of Banking information about call report fees which would allow for greater transparency into the use of those funds.

The Illinois Department of Financial and Professional Regulation (IDFP) is opposed to the bill due to the application of the reduced number of directors and the increased transparency in the accounting of bank fees to the State Banking Board. CBAI met with the Department to address their concerns. SB 2885 is currently in the Senate Financial Institutions Committee, and

Senator Nybo intends to call the bill when the Senate returns from their spring break in three weeks.

### **Arm's Length Affidavits in Short Sales Legislative Proposal**

CBAI met with advocates who would like to eliminate the disclosure requirements that protect banks during the process of short sales. [SB 2894 \(Collins, D-Chicago\)](#) is an initiative of housing advocates along with Boston Community Capitol and their Stabilizing Urban Neighborhoods (SUN) program. Under the program, SUN will step in and buy properties under foreclosure and turn around and resell them back to the original borrower leaving the financial institution with a charge off on their books. This type of arrangement is not prohibited by Illinois law and in some cases may potentially be beneficial to all parties.

CBAI's concerns with the legislation is that it would allow purchasers in short sales to use arm's length affidavits to hide the identity of the intended re-sale purchaser. Before a lender agrees to accept a short sale of its collateral. We believe they should be able to receive full disclosure of all the terms and conditions relating to the transaction, including a planned sale back to the lender's own borrower. This leaves the lender the option of accepting the deal, rejecting it or structuring a similar deal directly with their customer eliminating the third party. CBAI remains open to discussion with the housing advocates but will continue to oppose this legislation in its current form.

**Below is a list of several bills of CBAI interest that passed out of committees recently:**

### **Student Loan Servicer Bill**

The House Judiciary-Civil Committee unanimously approved legislation that broadens the definition of "student debt servicer" to include licensed attorneys and law firms hired to collect post default debt. [HB 4397 \(Lang, D-Skokie\)](#) extends important legal protections to attorneys working on behalf of financial institutions and treats them similarly to the original holder of the debt.

### **Credit Card Marketing Legislation**

[HB 4710 \(Scherer, D-Decatur\)](#) would prohibit the board of trustees of all public universities and community colleges from entering into an agreement with a credit card issuer to allow the credit card issuer to market credit cards to students. The bill also repeals the Credit Card Marketing Act of 2009, a state law that currently regulates credit card marketing to students at all colleges and universities in Illinois. The sponsor believes this bill would help reduce predatory behavior that leads to students signing up for credit cards that will later cripple them with debt.

CBAI, along with the Illinois Bankers, the Illinois Credit Union League and the Illinois Chamber of Commerce strongly opposed this bill in the House Higher Education Committee. Our groups argued that this legislation would not solve the problem she addressed and believe more financial literacy on the issue would be a better approach. The bill passed out 11-8-1, with a commitment from the sponsor to hold it on 2nd reading until she had an agreed amendment.

The financial institution groups have a meeting scheduled over the break with the sponsor to continue discussions.

### **5% Cap on Retainage Legislation**

**[SB 3052](#) (Mulroe, D- Chicago)** amends the Contractor Prompt Payment Act to prohibit the withholding of a retainage from progress payments or final payments in excess of 5% of the payment. The Illinois Mechanical and Specialty Contractors Association argued in the Senate Judiciary Committee that this legislation would help smaller contractors and sub-contractors get paid for costs of materials and labor quicker which would allow them to perform more work or hire new employees.

CBAI, along with the Illinois Bankers Association, the Illinois Credit Union League and the Illinois Realtors oppose this measure. We believe that the state should not step in and statutorily interfere with contract agreements between two sophisticated parties. CBAI and the other opponents agree that SB 3052 would ultimately disrupt construction lending practices and override contract provisions; increase the risks for construction lenders while adding costs for developers and investors; and would create regulatory risks for National Banks.

The bill passed out 8-3, but the sponsor did indicate his willingness to bring the bill back to committee after all the interested parties can continue discussions.

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

## **REGISTER NOW:**

### **[Capital Conference](#)**

**Wednesday, April 18, 2018**

**Wyndham City Centre (formerly the Springfield Hilton Hotel)**

### **[Call on Washington](#)**

**April 8 – April 11, 2018**

**Grand Hyatt Washington**