CANNABIS BANKING BILL ADVANCES
In September 2019, the House of Representatives passed a bill (H.R. 1595) to create a safe harbor from federal sanctions for financial institutions that serve cannabis-related businesses in states where cannabis is legal. The bill was approved on a broad bipartisan basis. ICBA is pressing the Senate Banking Committee Chairman to take up safe harbor legislation in some form, though he has signaled caution.

» House-passed bill clarifies legal status of hemp and CBD products.
» ICBA was first national banking trade group to endorse H.R. 1595.
» ICBA witness testified at hearing in advance of H.R. 1595.

BILL OFFERS RELIEF FROM BENEFICIAL OWNERSHIP DATA COLLECTION AND REPORTING
In October, the House passed a bill (H.R. 2513) to require businesses, rather than their banks, to report their beneficial ownership information to FinCEN. A similar bill, the Illicit Cash Act (S. 2563), is pending in the Senate. Small business groups are opposed to any new reporting requirement. ICBA also advocates for modernized reporting thresholds under the Bank Secrecy Act.

» ICBA released a white paper, “Modernizing Anti-Money Laundering and Anti-Terrorist Financing Laws and Regulations.”

ICBA TASK FORCE TARGETS CREDIT UNION ABUSES
The mission of the Task Force is to pursue legislative and regulatory changes to contain or reverse the expansion of credit unions and to draw media and public attention to the aggressive and frequently abusive nature of the industry.

» ICBA released a white paper, “Do They Know They’re Tax Exempt?”, and has launched a “Wake Up” campaign to bring attention to the issue.
» ICBA is launching a grass roots campaign against a new NCUA proposal to allow credit unions to issue subordinate debt, subverting the cooperate nature which they have touted as a justification for their tax exemption.
» ICBA is urging Congress to convene hearings on credit union-bank acquisitions.

Real Results for Your Bank

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<th>Federal Reserve to Build Faster Payments Network</th>
<th>FDIC Releases Community Bank Assessment Credits</th>
<th>Farm Bill Signed into Law</th>
<th>FASB Delays Effective Date of CECL</th>
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<td>The Fed decision was a direct response to ICBA’s longstanding advocacy. An ICBA witness testified on Capitol Hill on Sept. 25 and 26 in support of the Fed’s plan.</td>
<td>The credits total approximately $764 million for community banks with assets under $10 billion. Outcome due exclusively to ICBA, state association, and community bank grassroots outreach.</td>
<td>New law includes important commodity price protections, maintains a strong crop insurance program, increases USDA guaranteed farm loan limits, and more.</td>
<td>At ICBA’s urging, the effective date has been delayed until 2023 for private companies and small public companies.</td>
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ILC LOOPHOLE CLOSURE BILL INTRODUCED
The Eliminating Corporate Shadow Banking Act (S. 2839) would close the industrial loan company (ILC) loophole, which allows commercial companies to own ILCs. These entities are the functional equivalent of banks, and effectively mix banking and commerce. In recent years nonbank technology companies such as Rakuten, Square, SoFi, and Nelnet have sought ILC charters under Utah law and filed deposit insurance applications. ICBA is seeking a House sponsor for the bill.

» ICBA was the first national banking trade group to endorse S. 2839.
» ICBA released a white paper titled: “Industrial Loan Companies: Closing the Loophole to Avert Consumer and Systemic Harm.”

AGENCIES PROPOSE CRA MODERNIZATION
The Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have jointly issued a notice of proposed rulemaking, inviting comments on their plan to transform and update CRA regulations.

» ICBA is preparing a comment letter, due April 8, 2020.

TAX INCENTIVES FOR COMMUNITY BANK LENDING
The Enhancing Credit Opportunities in Rural America (ECORA) Act (H.R. 1872/S. 1641) would exempt interest earned on loans secured by agricultural real estate or primary residences in rural communities from taxation. The Access Business Credit Act (H.R. 4805) would provide that interest on small business loans held by community banks is tax exempt.

» Ask your Representative and Senators to cosponsor the ECORA Act and the Access Business Credit Act.

FEDNOW IMPLEMENTATION
The launch of FedNow is still at least three years away, but community banks should begin evaluating the service now to be sure they can take full advantage of the system once it becomes available.

» ICBA is the only national banking trade group to call for the Federal Reserve’s active involvement in faster payments.
» ICBA is encouraging community banks to develop an emerging payments strategy that encompasses real time payments and to actively evaluate the ability to receive payments sent by FedNow or The Clearing House’s RTP.
» ICBA supports the U.S. Faster Payments Council in its mission to facilitate a world-class payment system where Americans can safely and securely pay anyone, anywhere, at any time and with near-immediate funds availability. ICBA encourages community banks to join and actively participate in the U.S. Faster Payment Council.

EXPIRATION OF GSE QM “PATCH” MUST NOT DISRUPT MORTGAGE MARKET.
Mortgage loans sold to Fannie Mae or Freddie Mac are currently exempt from key aspects of the CFPB’s qualified mortgage (QM) rule. This exemption, known as the GSE QM “patch,” applies to the 43 percent debt-to-income (DTI) ratio and the documentation requirements of Appendix Q. With the patch set to expire in 2021, ICBA is urging the CFPB to make changes to the GSE QM rule that include a DTI range of 45 to 50 percent and the use of compensating factors to evaluate a borrower’s ability to repay.

» ICBA urges the CFPB not to make any changes that would disrupt the mortgage market or give an advantage to large national lenders or Wall Street. In particular, ICBA would oppose replacing DTI with a pricing metric that could be manipulated to create excessive risk.