



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

After a two week spring break, the Illinois General Assembly returns to Springfield this week to resume the spring legislative session. There are roughly six weeks remaining before the May 31 adjournment date. That date is important because after May 31, any legislation with an effective date earlier than June 1, 2018 would need a three-fifths majority to pass. This would further complicate the ability of the Governor and the General Assembly to reach a budget deal prior to the end of the current fiscal year.

Below is a status report of legislation that includes CBAI initiatives, bill supported by CBAI and bills opposed by CBAI.

***CBAI Initiatives:***

**[HB 759](#) (Lang/Mulroe) and [SB 692](#) (Mulroe) - Credit Insurance Clarification**

These bills amend the Illinois Insurance Code in a provision concerning licensure requirements for financial institutions 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 recent amendments to the Illinois Insurance Code have created confusion in the marketplace and within the Department of Insurance under the previous administration. This will clarify the law to avoid any future confusion or misinterpretation on this issue. The bills are also supported by the Illinois Bankers Association, the Illinois Credit Union League, and the Illinois League of Financial Institutions. *SB 692 passed out of the Senate Insurance Committee and is currently on 2<sup>nd</sup> reading in the Senate. HB 759 passed out of the House unanimously and is currently in Senate Assignments.*

**[SB 1545](#) (Mulroe) - Lienholder Protection for Insurance Claims**

This bill seeks to add protection of secured interests of a lienholder. This bill amends the Illinois Vehicle Code to provide that if an owner of a vehicle has comprehensive, collision, or other insurance coverage for the damage or loss of a vehicle and the vehicle's certificate of title discloses a lienholder of record, the insurer paying a claim for the damage or loss of the vehicle must issue the payment to both the owner of the vehicle and the lienholder of record. Although the Illinois Insurance Association (IIA) is currently opposed to the bill, CBAI continues to negotiate a possible compromise. *The bill passed out of the Senate Insurance Committee with an agreement to hold the bill while discussion with the IIA continues.*

**[SB 1694](#) (Koehler) - Vehicle Storage Fee**

This bill is follow up language from last year's bill HB 2642 which was signed into law that requires repair shops and garages that seek to impose fees in connection with the storage of a vehicle, to provide written notice to the lienholder of record before the assessment and accrual of fees. There have been numerous complaints of non-compliance with this new law, so this bill

seeks to clarify the law, add a cross-reference in the Vehicle Code, and add penalties for non-compliance. The towing companies are in strong opposition to this bill and are working the General Assembly hard. In addition to CBAI, proponents include the Illinois Credit Union League, and the Illinois Bankers Association. Our coalition agreed to introduce an amendment that will address several concerns of the Towing Association in an effort to gain support from members of the General Assembly. *This bill, as amended to address some concerns of the Towing Association passed out of the Senate Transportation Committee and is currently on 3<sup>rd</sup> reading in the Senate.*

### **HB 3282 (Davidsmeyer/Nybo) - Bank Data Ownership**

This bill amends the Data Processing Services for Financial Institutions Act to provide that if a financial institution makes data available to an independent data processing servicer, the data shall remain the property of the financial institution. MasterCard had concerns with the bill as introduced and reached out to CBAI. An amendment was adopted on the House floor to remove their concerns. *The bill passed out of the House unanimously. It is currently in Senate Assignments.*

### **HB 2514 (Lang/Nybo) - Federal Home Loan Bank Regulatory Information Sharing**

This bill allows the Secretary of IDPFR to provide confidential supervisory information to the Federal Home Loan Bank (FHLB) of Chicago in connection with any application by the bank before the FHLB of Chicago or in connection with any bank that is a member of the FHLB of Chicago if the Secretary determines that the FHLB of Chicago has a legitimate interest in the confidential supervisory information. The bill will also allow a bank and other financial institutions to provide the confidential information to the FHLB. This bill is a joint initiative with the FHLB of Chicago, the Illinois Credit Union League, the Illinois Bankers Association and the Illinois League of Financial Institutions. This legislation would allow the FHLB of Chicago to have access to the same credit information for Illinois state-chartered bank, thrifts and credit unions as it does for its federally chartered members. *The bill passed out of the House unanimously and is currently in Senate Assignments.*

### **CBAI Opposes Rep. Art Turner's ATM Fee Limitation Legislation**

**HB 1274 (Turner) as amended by HA#1** amends the Electronic Fund Transfer Act and limits ATM cash withdrawal fees to \$1. This is a terrible bill that CBAI is working hard to defeat. Providing customers 24 hour access to their money is a courtesy that involves many costs and risks. Community banks offer their customers free transactions for in-network ATM transactions. Fees are only charged to non-customers who use the bank's ATM as a "convenience." Limiting the fee that can be charged in those transactions may actually have the negative effect of forcing community banks to charge ATM fees for ALL transactions. Finally, because of federal law preemption, HB 1274 would likely only affect state chartered community banks and that would put them at a competitive disadvantage with out of state and national banks. HB 1274 is also opposed by the Illinois Bankers Association, the Illinois Credit Union League, the IL State Chamber of Commerce, the Illinois Retail Merchants, the Illinois Petroleum Marketers Association and the Illinois Association of Convenience Stores. *Despite the broad*

*opposition, this bill passed out of the House Consumer Protection Committee on a partisan roll call and is currently on 2<sup>nd</sup> reading in the House. CBAI will continue to oppose this terrible bill.*

### **CBAI Opposes Senator Sandoval's Diversity Program Reporting Legislation**

**[SB 812 \(Sandoval\)](#), as amended by SA#1** amends the Public Funds Investment Act, the Illinois Banking Act, the Savings Bank Act and the Credit Union Act and requires any financial institution or other entity with assets of \$100 million or more that is receiving public funds to submit an annual report on its voluntary supplier diversity program to the IDFPR. It would also require the IDFPR to publish these reports on its website and to hold annual supplier diversity workshops. *This bill passed out of the Senate Financial Institutions Committee and is currently on 2<sup>nd</sup> reading in the Senate. CBAI along with the Illinois Bankers Association and the Illinois Credit Union League are lobbying Senate members to oppose the bill.*

### **Other Legislation CBAI Opposes:**

**[HB 46 \(Lang\)](#), as amended by HA#1** amends the Mortgage Foreclosure Article of the Code of Civil Procedure to prohibit a mortgagee or its agent from using plywood to secure abandoned residential property. The bill would only apply to the securing of abandoned residential property that takes place after the effective date of the amendatory Act. *The sponsor has indicated he will not be calling this bill for a vote and the bill has been re-referred to the House Rules Committee.*

**[HB 233 \(Ford\)](#)** amends the Criminal Identification Act to provide that records of conviction for any non-violent offense or any criminal offense that did not result in bodily harm or death to another person may be sealed 10 years after the termination of the petitioner's last sentence. CBAI has concerns with this bill and will oppose. *The bill has been re-referred to the House Rules Committee.*

**[HB 454 \(Flowers\)](#)** creates a state community bank to be operated and run by the Illinois Department of Financial and Professional Regulation (IDFPR). CBAI and several other groups have opposed this proposal for over five years, and will continue to oppose this bad idea. A fiscal note filed by IDFPR indicates that the minimum capital required to operate the bank is projected at \$9.8 billion (assuming a minimum of 10 percent capital to asset ratio). The bank would not be FDIC insured and its deposits would be guaranteed by the full faith and credit of the State of Illinois. IDFPR would need at least 100 new positions in the agency to operate the bank. Assuming 100 new positions with a starting salary of \$60,000.00 plus benefits would lead to a recurring annual cost of \$11,579,000.00. *This bill passed out of the House Financial Institutions Committee on partisan lines after several democratic members were subbed in. Both CBAI and IBA testified in opposition. The bill is on 2<sup>nd</sup> reading in the House.*

**[HB 523 \(Turner\)](#)** amends the Mortgage Foreclosure Article of the Code of Civil Procedure by extending the additional fee paid by residential foreclosure plaintiffs and purchasers at a judicial sale until January 1, 2020. CBAI opposes this bill, and has requested that fees sunset as agreed to in the original legislation. A similar bill was filed in the Senate as **[SB 647 \(Collins\)](#)**. *HB*

*523 passed out of the House Judiciary-Civil Committee and is on 3<sup>rd</sup> reading in the House. SB 647 passed out of the Senate Financial Institutions Committee and is on 3<sup>rd</sup> reading in the Senate.*

**HB 723 (Rita)** creates the Real Estate Appraisal Fees Article of the Residential Real Property Disclosure Act and provides that in any residential real estate closing document in which real estate appraisal fees are shown, the fee paid to an appraiser shall be shown separately from the fee paid to an appraisal management company. CBAI believes this additional document is unnecessary and burdensome. *This bill passed out of the House Business & Occupational Licenses Committee, with an agreement to hold the bill on 2<sup>nd</sup> reading.*

**HB 3076 (Hernandez)** amends the Electronic Fund Transfer Act and provides that for every electronic fund transfer performed in Illinois, financial institutions shall remit \$0.01 to the Division of Banking of the Department of Financial and Professional Regulation for deposit into the Illinois DREAM Fund. The Illinois DREAM Fund provides scholarships to undocumented students, who are incoming freshmen or current undergraduates that possess at least a 2.5 GPA (on a 4 point scale). CBAI adamantly opposes this bill. *HB 3076 was not called in committee has been re-referred to House Rules Committee.*

**HB 3393 (Welch)** imposes a new privilege tax on partnerships, including investment partnerships, and S corporations engaged in the business of conducting management services at the rate of 20% of the fees earned from the investment strategy of the investment manager. *HB 3393 passed out of the House Revenue Committee and is currently on 2<sup>nd</sup> reading.*

**HB 3498 (Jones)** would require the Illinois Community College Board to establish and implement a program that provides tuition to the first 1,500 students per year that enroll at each designated community college. Revenue for the Community College Free Tuition Trust Fund will be raised by an additional fee or tax paid by every state chartered bank and credit union. Even more ridiculous, the fee or tax is not set by statute, but will be determined by the Illinois Community College Board. CBAI adamantly opposes this bill. *Due to intense opposition, HB3498 was not called in committee and has been re-referred to the House Rules Committee.*

**SB 983 (Biss)** creates the Limitations on Forced Arbitration Act. The bill prohibits the State from doing business with entities that form or enforce forced arbitration agreements with their consumers or employees. Also allows a private entity to initiate an action on behalf of the State under the Consumer Fraud and Deceptive Practices Act. *SB 983 is currently being held by the sponsor in the Senate Judiciary Committee and will not move this session.*

**SB 1246 (Bennett)** amends the Code of Civil Procedure and adds, to the list of personal property that is exempt from judgment, attachment, or distress for rent, moneys held in educational expense accounts and similar types of educational savings accounts. These accounts include, but are not limited to, funds invested in an ABLE Account as defined by Section 529 of the Internal Revenue Code and funds invested in a 529 Plan as defined by Section 529 of the Internal Revenue Code. CBAI believes there are sufficient exemptions for

debtors in the Code and opposes the bill. *This bill was not called for a vote in committee and has been re-referred to Senate Assignments.*

**[SB 1331](#) (Bush)** amends the Illinois Human Rights Act and prohibits discrimination based on source of income. Provides that "source of income" means the source of any lawful income or any lawful rent payment that can be verified as to its amount, length of time received, regularity, or receipt, including any subsidy authorized under Section 8 of the United States Housing Act of 1937 and any other local, State, or federal subsidy or benefit. Also it states that it is a civil rights violation for an owner or any other person engaging in a real estate transaction, or a real estate broker or salesman, to engage in specified behaviors because of source of income. Although the bill was introduced to address Section 8 housing it could have unintended consequences on mortgage lending. *This bill received an extended bill deadline and is in the Senate Judiciary Committee.*

**[SB 1970](#) (Aquino)** creates the Financial Transaction Tax Act and imposes a tax on the privilege of engaging in a financial transaction that occurs, is effectuated, consummated, executed, or cleared at a facility located in the State. The bill states that the tax is imposed at a rate of \$1 per contract for all transactions for which the underlying asset is an agricultural product and \$2 per contract for all other contracts. *This bill has been re-referred to Senate Assignments where it is considered dead this session.*

#### ***Other Legislation CBAI is Tracking:***

**[HB 367](#) (Ford)** creates the Value After Rehabilitation Appraisal Act. The bill provides that, unless prohibited by federal law or regulation, for any program administered by this State that requires an appraisal to be performed on real estate, the appraisal may take value after rehabilitation into account. It also provides that an appraisal that takes value after rehabilitation into account shall be accepted to the same extent that other appraisal methods for real estate sales and refinances are accepted. *This bill was re-referred to the House Rules Committee.*

**[HB 471](#) (Ford)** amends the Landlord and Tenant Act to provide that if a landlord enters into a lease with a tenant after receiving notice that a foreclosure proceeding has been initiated against the property, and the tenant later is required to vacate the premises as a result of the foreclosure action, the tenant may recover all of the rent payable from the time the lease is entered into until the tenant vacates the premises. CBAI opposed this bill initially and spoke with the sponsor who agreed to amend the bill to state that it is the landlord's responsibility to provide notice to the tenant and also provides that each time a scheduled payment is missed, a new, separate, and distinct cause of action is created. *This bill was amended with favorable language that CBAI now supports. HB 471 is currently on 3<sup>rd</sup> reading in the House.*

**[HB 823](#) (Ford/Hunter)** was amended to provide that the Division of Banking of the Department of Financial and Professional Regulation shall review the federal Community Reinvestment Act performance evaluations of any financial institution regulated by the Division to monitor the efforts State chartered banks are making to meet the credit needs of the communities in which

they serve, including low-income and moderate-income neighborhoods, consistent with safe and sound banking practice. It further provides that the Department may electronically publish an annual report to provide the performance evaluations of State chartered banks. CBAI was initially opposed to the bill and the Illinois Division of Banking drafted an amendment that improved the bill. In an effort to work in good faith with the House Financial Institution Committee's new Chairman, CBAI removed our opposition. *The bill passed out of the House and is currently in Senate Assignments.*

**[HB 1783 \(Demmer/Aquino\)](#)** amends the Electronic Fund Transfer Act to require that a person who establishes or owns specified cash-dispensing terminals must post a telephone number on the terminal for consumers to call to report problems, along with the telephone number of the Department of Financial and Professional Regulation (rather than file notices of establishment or ownership with the Secretary of Financial and Professional Regulation). It also repeals the Check Printer and Check Number Act (which is a provision supported by CBAI). *This bill passed out of the House 88-22-2 and is currently in Senate Assignments.*

**[HB 2603 \(Zalewski\)](#)** is a complete rewrite of the Uniform Unclaimed Property Act and creates the Revised Uniform Unclaimed Property Act. Adds language concerning: definitions; applicability; rulemaking; presumptively abandoned property; taking custody of property that is presumed abandoned; reporting requirements; notice to property owner; taking custody of property by the State Treasurer; sale of property; administration of property; claims to recover; liability; remedies; enforcement; agreements to locate property; confidentiality; uniformity of application and construction; relation to federal laws; transitional provisions; and severability. The bill repeals the Uniform Disposition of Unclaimed Property Act and makes corresponding changes in the following Acts: the Illinois Administrative Procedure Act; the Freedom of Information Act; the State Comptroller Act; the State Treasurer Act; the Financial Institutions Code; the State Finance Act; the State Officers and Employees Money Disposition Act; the Counties Code; the Illinois Banking Act; the Savings Bank Act; the Illinois Credit Union Act; the Currency Exchange Act; the Corporate Fiduciary Act; the Transmitters of Money Act; the Adverse Claims to Deposit Accounts Act; the Illinois Insurance Code; the Unclaimed Life Insurance Benefits Act; the Real Estate License Act of 2000; the Code of Criminal Procedure of 1963; the Probate Act of 1975; the Sale of Unclaimed Property Act; the Business Corporation Act of 1983; and the General Not For Profit Corporation Act of 1986. This bill is a total rewrite of the unclaimed Property Act and is an initiative of the Treasurer's Office. CBAI is reviewing the 240 page bill and has been briefed by the Treasurer's office on the bill. We will continue working with the other financial institution trade groups to make sure the Treasurer addresses our comments and concerns. *This bill has been re-referred to the House Rules Committee.*

**[HB 2965 \(Andrade/Martinez\)](#)** amends the Residential Mortgage License Act of 1987. The bill states that when a mortgagor is in arrears more than one month, no licensee shall refuse to accept any payments offered by the mortgagor in whole month payment amounts. Further, such payments shall be applied to the unpaid balance in the manner provided in the licensee's mortgage with that mortgagor. *This bill passed out of the House and is currently in Senate Assignments.*

**HB 3799 (Beiser)** amends the Illinois Banking Act, the Savings Bank Act, and the Illinois Credit Union Act and would allow certain financial institutions to refuse a transaction if an employee or officer has fulfilled certain training requirements under the Adult Protective Services Act and reasonably believes that an act of financial exploitation of an eligible adult has occurred or may occur. The bill would also provide that neither the financial institution nor its employees or officers shall be liable for any actions taken in good faith under the provisions. *The sponsor indicated that he will not be calling the bill and the bill was re-referred to the House Rules Committee.*

**HR 121 (Lang)** urges Congress to amend federal law to provide immunity from federal prosecution and regulatory protections for financial institutions legally providing services to marijuana-related businesses pursuant to applicable state law. CBAI supports this resolution. *This resolution passed out of the House Judicial Civil Committee and is on the House floor.*

**SB 949 (Hastings)** amends the Common Interest Community Association Act and the Condominium Property Act. The bill states that if a condominium or community instruments require approval of any mortgagee or lienholder of record and the mortgagee or lienholder of record receives a request to approve or consent to the amendment to the condominium or community instruments, the mortgagee or lienholder of record is deemed to have approved or consented to the request unless the mortgagee or lienholder of record delivers a negative response to the requesting party within 35 days after the mailing of the request. CBAI opposed the bill mainly because of concerns with the 35 day automatic consent provision. However the bill was amended to change the 35 days to 60 days and requires that a request to approve or consent to an amendment to the condominium instruments that is required to be sent to a mortgagee or lienholder of record shall be sent by certified mail. *This bill as amended passed out of the Senate Judiciary Committee and is currently on 3<sup>rd</sup> reading in the Senate.*

**SB 1351 (Biss), as amended by SA#1** creates the Student Loan Servicing Rights Act. The bill provides a student loan bill of rights that includes provisions concerning payment processing, fees, billing statements, payment histories, specialized assistance for student loan borrowers, disclosures related to discharge and cancellation, income-driven repayment plan certifications, information to be provided to private education loan borrowers, cosigner releases, requirements related to the transfer of servicing, and requests for assistance, account dispute resolution, and appeals. Creates the position of Student Loan Ombudsman within the Office of the Attorney General to provide timely assistance to student loan borrowers and provides responsibilities for the Student Loan Ombudsman. Provides for licensure of student loan servicers by the Secretary of Financial and Professional Regulation, and includes provisions concerning applicability, applications, business names, and recordkeeping. Provides that the Secretary shall have the authority to conduct certain investigations and examinations concerning student loan servicer licenses. This bill exempts banks and credit unions from this new Act. *SB 1351 passed out of the Senate Financial Institutions Committee and is on 2<sup>nd</sup> reading in the Senate, but since banks are exempt CBAI is neutral.*

**[SB 1447 \(Barickman\)](#)** amends the Mortgage Foreclosure Article of the Code of Civil Procedure. This bill provides that "omitted subordinate interest" includes a named party in the foreclosure action over which the court lacked personal jurisdiction due to defective service or process. The bill states that proceedings in an action for strict foreclosure of an omitted subordinate interest may be reopened as to the defendant only under specified circumstances. Provides that notwithstanding specified provisions of law to the contrary, the redemption period shall extend 30 days after the entry of the order if the defendant has not been in possession of the real estate for a period of 6 months prior to the entry of the order. Provides that if an omitted subordinate interest asserts a challenge to the jurisdiction of the trial court following confirmation of the sale and transfer of title to the mortgaged real estate to a non-party to the underlying foreclosure action who acquired title for value, the trial court shall permit the non-party to retain possession of the mortgaged real estate pending entry of a final order relative to the jurisdiction challenge and any subsequent proceedings in the foreclosure action if the non-party provides adequate security for any loss of use or occupancy by the person who has the omitted subordinate interest. *This bill is currently in the Senate Judiciary Committee.*

**[SB 1817 \(Althoff\)](#)** repeals the Appraisal Management Company Registration Act and makes conforming changes in the Real Estate Appraiser Licensing Act of 2002. The bill would allow, however, non-licensed businesses to continue to perform appraisal management services listed in the bill. *This bill was re-referred to Senate Assignments, as the sponsor has indicated she will not be calling the bill.*

**[SB 1832 \(Mulroe\)](#)** amends the Illinois Mechanic Lien Act by adding a provision requiring retainage withheld under Illinois construction contracts be placed in a trust account. **SB 1832** would only apply to private construction projects. The bill excludes single family residences or multiple family residences with 12 or fewer units and excludes project contracts that call for retainage of 5% or less. *CBAI has concerns regarding this bill, but did not oppose in committee. The sponsor agreed to hold the bill on 2nd reading to work on concerns from various groups.*

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