

507 S. Grand Ave.

Lansing, MI 48933

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HUD Hope for Homeowners (H4H) Origination program

The Hope for Homeowners (H4H) program continues to undergo modifications in an effort to make the loans more workable for banks. The program is designed to replace troubled loans with at least 96.5 percent LTV, FHA backed loans. H4H was designed to not only do whole loan refinancing, but also to convert many securitized loans to FHA through loan modifications. The program now offers subordinate lienholders an immediate payment in exchange for releasing their liens; and allows lenders to extend mortgage terms from 30 to 40 years. The MBA Retail Lending Committee is following this program closely and MBA communications will provide updates as they become available.

OFIR and MBA Discuss 180 Day Rule

The MBA met with OFIR this week to discuss the effects of the 180 day rule on loans in default. The MBA is looking for relief for banks as they strive to work with homeowners to avoid foreclosures. In many instances it takes longer than 180 days to complete the workout. The resulting charge offs and reduction in bank capital thwart efforts to rework some challenging loans. Bankers can expect further guidance as a result of MBA efforts with OFIR on their behalf.

Bankers Testify in House Banking Committee on Business Lending

Today, Bob Chapman, United Bancorp, Incorporated; Damian Kassab and Bill Pilkington of Warren Bank, joined MBA lobbyist John Llewellyn in testimony on the perceived decline in business lending in Michigan. The state is exploring the feasibility of a program to support business lending in the state and is looking to the MBA and member bankers to provide expert input and education about credit availability.

Mortgage Foreclosure Moratorium Passes House—MBA Mitigates Requirements

Legislation delaying foreclosure action passed the House last week after being reported out by the House Banking and Financial Services Committee. The MBA opposes this legislation and in meetings with legislators and Rep. Andy Coulouris, chair of the House Banking and Financial Services Committee, MBA lobbyists outlined the extraordinary efforts being taken by banks to reach out to customers who are having difficulty making mortgage payments.

As a result of the intense lobbying and education efforts by the MBA, it was a revised version of the bills that passed the House. The legislation now more closely resembles the North Carolina law from which it was patterned.

MBA input resulted in the following amendments:

- A reduction of the moratorium from 90 days to 30 days and it would credit the amount of time that the OFIR commissioner extends the process to the redemption period (if the process was extended 30 days the redemption period would be only five months).
- There is now a two-year sunset for the entire program.

Advocacy Report

- An exemption provision allows the OFIR commissioner to exempt a lender if they can “demonstrate that they have a system for workouts for borrowers.”
- The bill would require the lender to submit to the database subprime loans originated between calendar years 2005 to 2007 down from 2002 to 2007 in the original language.

The MBA continues to oppose the bills and the MBA advocacy team is in discussions with senators and administration officials making certain they understand the ramifications to the banking industry as well as the possible unintended consequences of this program.

Additionally, the MBA continues to press for resolution to the bureaucratic implementation issues with the plan, which include funding sources for the program, the definition of subprime and the sharing of customer data with a third party.

After the legislative break the MBA will call on member banks to contact their senators to discuss needed changes. Watch for further MBA communications as details become available.

MBT Tax Forms Inaccurate

Work continues on the new MBT tax forms. The MBA has submitted questions to Treasury outlining problems with the form's schedules. When making determinations regarding credits, banks should refer to the actual FIT law rather than the tax form. The forms list the credit schedule for all filers rather than just for banks. The MBA has further meetings scheduled with Treasury next week to provide additional data and information to the administration.

RESPA Changes Finalized

The Department of Housing and Urban Development (HUD) published new regulations to amend Regulation X, the regulations that implement the Real Estate Settlement Procedures Act (RESPA). Changes to the RESPA lengthen the Good Faith Estimate and the HUD-1 Settlement Statement Forms. It also requires that RESPA forms include information on interest rates and loan terms. In addition, HUD is modifying the manner in which mortgage broker compensation is disclosed to consumers. The new GFE and HUD-1 will not be required until January 1, 2010, however, certain other provisions of the rule will take effect 60 days from the publication date of the final rule.

Don't Miss Important Industry News

To prevent MBA's e-mail updates from being caught in your bank's spam filter, please add any e-mail coming from mibankers.com to your approved senders list.

Paul Clabuesch Elected FHLBI Director

Congratulations to Paul Clabuesch, chairman and CEO, Thumb National Bank & Trust Co., who was elected to the Board of The Federal Home Loan Bank of Indianapolis (FHLBI) for a two-year term beginning January 1, 2009, and ending December 31, 2010. He currently serves as chairman of the FHLBI's board of directors and was re-elected to the one open seat.

Advocacy Report / Grassroots News

Citizens Bank Hosts Meeting with Congressman-elect Gary Peters



Tom Shafer and Cathy Nash of Citizens Bank hosted a grassroots meeting with Congressman-elect Gary Peters. Also attending were: Matt Roslin, Flagstar Bank; Mike Ross, Fidelity Bank, Mike Tierney, Peoples State Bank; Gerald Wasen, First Michigan Bank; Jeffrey Sugg, Paramount Bank; Rebecca Smith, Huntington Bank; and Ray Biggs, Michigan Heritage Bank. Members discussed the current financial situation and shared the MBA perspective on the \$700 billion “bailout” plan and its impact on Michigan institutions. Congressman-elect Peters is seeking a position on the House

Financial Services Committee.

2009 Legislators and Lenders Day Scheduled for March 25-26, 2009 in Lansing

The MBA's third annual Legislators and Lenders Day is scheduled for March 25-26 at the Radisson Hotel in Lansing. This two-day program allows MBA members to discuss important legislative issues with key policy makers. Attending last year were: Congressman Thaddeus McCotter (House Banking Committee), Senate Banking Chairman Randy Richardville, House Banking Chairman Andy Coulouris, State Treasurer Robert Klein, OFIR Commissioner Ken Ross and other leaders from the state legislature. More than 60 bankers from throughout Michigan participated in 2008. Please save the date and join us in 2009.

MBA Confirming Details for Meeting with U.S. Senator Debbie Stabenow in Flint

The MBA is confirming the details for an upcoming discussion with U.S. Senator Debbie Stabenow. William Hartman of Citizens Republic Bancorp has agreed to host the discussion at their Flint headquarters. The MBA will be looking for bankers interested in participating in this discussion. Please contact Jordan Kingdon at jkingdon@mibankers.com or 517-342-9073 for additional information.

Bankers Needed for Upcoming Grassroots Meetings:

- Representative-elect Jim Slezak 9:00 a.m., Monday, November 24, The State Bank, Fenton
- State Representative Joan Bauer 11:00 a.m., Monday, December 1, National City Bank, Lansing

Sturgis Bank and Trust Hosts Meeting with Representative-elect Matt Lori

Eishen of Sturgis Bank and Trust hosted grassroots meeting with Representative-elect Matt Lori. Eric Also attending were: Jeff Gatton, Peoples Federal Savings Bank; Frank Iannarelli, Citizens Bank; Brenda Merrill, KeyBank; Leonard Eishen, Rose Burton, Ron Scheske, Sturgis Bank and Trust and Brian Oswald, Oakleaf Financial.



Members congratulated Representative-elect Lori on his recent victory and shared bankers' perspective on Michigan's mortgage and foreclosure issues. MBA bankers educated Lori on the differences between mortgage brokers and mortgage bankers and also discussed the regulatory structure (and need for additional examiners) in OFIR. The ability to quickly create dialogue with these elected officials is a critical component to our successful MBA advocacy program.