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Michigan Banking Issues Could Resurface in Lamé Duck

With the elections over and the Michigan legislature in lame duck, a number of issues that have percolated this session could rear their heads in the next six weeks. It's possible to expect action on predatory lending, mortgage moratorium, OREO property liability, modification of mortgage in bankruptcy, compensation restrictions, identity theft protections and increased taxation because of budget pressures.

The MBA is watching carefully for any of these issues to take center stage. Members are urged to be ready to respond to MBA requests for action if needed. MBA communications will provide regular updates.

94 Percent of MiBankPAC Supported Candidates Win

The MiBankPAC supported 95 candidates in Tuesday's election. A total of 89 of those won their races giving the PAC a 94 percent win record for 2008.

The Michigan House Democratic majority now stands at 67 to 43 for the 2009-10 session. The caucus picked up nine seats currently held by Republicans giving them their largest majority in 30 years.

Obama Wins Historic Election as Democrats Unseat Republicans

In the national race, Senate Minority Leader Mark Schauer (D, Battle Creek) unseated incumbent U.S. Rep. Tim Walbeg (R, Tipton) in the 7th Congressional District. Combined with the GOP loss in the 9th Congressional district, the Democrats now have a majority (8-7) of Michigan's Congressional delegation.

The Democratic victories in the presidential election, House and Senate will likely fuel consumer legislation. Financial regulatory restructuring, housing finance, deposit insurance and oversight of the Troubled Asset Relief Program (TARP) are all expected to see legislative action in the future.

These changes expand the need for a unified banker voice in both Lansing and Washington, D.C. Grassroots efforts pairing legislators and bankers are more important than ever as the industry addresses these challenges. The MBA will continue to educate legislators and keep the banker perspective at the forefront of any legislative initiatives. Bankers are encouraged to initiate and maintain communications with legislators.

Advocacy Report

MBA's Retail Lending Committee Reviews MSHDA's Save the Dream Program

The MBA's Retail Lending Committee heard an update on MSHDA's Save the Dream program. The MBA worked with the administration last year to make the Save the Dream program more workable for members. At the request of the MBA Retail Lending Committee, Jodi Mercer, program and business development manager at MSHDA, provided the latest on the Save the Dream and Rescue Refinance programs enacted by the legislature in April, 2008. MSHDA has received reports that the program parameters are too narrow and not reaching as many borrowers as initially thought.

In addition with the significant changes in the market and modifications of underwriting parameters by MSHDA's mortgage insurance partners, the program has struggled. A total of 25 refinance loans have closed since the program was introduced in April, however, MSHDA had received approximately \$5 million in refinance loan reservations.

Those numbers do not take into account the borrowers who contacted banks as a result of the Save the Dream PSAs and were able to refinance into an FHA product. The numbers also did not reflect all the borrowers who worked with MSHDA's homeownership counseling network who were able to enter into work-out agreements with their existing lenders in order to save their homes. This is another important aspect of the Save the Dream Program.

Currently MSHDA is looking at LTV and credit score parameters and also at the ability for MSHDA to self-insure or participate in a risk-share program in order to make the programs more attractive. MSHDA continues efforts to reach out to borrowers who are in trouble and need counseling. In addition, MSHDA will be developing a plan with bank partners as part of the Neighborhood Stabilization Program (NSP) to perhaps buy foreclosed homes and transform them into low/moderate income rental housing or other acceptable NSP activities. The MBA Retail Lending Committee and the MBA advocacy team will continue to monitor the MSHDA initiative.

FTC Delays Red Flags Rules to May 1, 2009

The Federal Trade Commission (FTC) has given businesses that grant credit until May 1, 2009, to comply with the Fair and Accurate Credit Transactions Act's Identity Theft Red Flag Rule, which had been scheduled to take effect November 1, 2008. The FTC action does not affect the federal banking agency November 1 deadline, which is still in force for all depository institutions except for state-chartered credit unions. [Read More.](#)

Bankers Speak with Senator Debbie Stabenow in Detroit at HDCC's Fox Theatre Reception

MBA bankers attended the HDCC's Fox Theatre reception on behalf of the MiBankPAC. Paul Socia, Wayne Jannette, James Nieman and Rebecca Docherty of Citizens State Bank; Aaron Lewis of Farmers State Bank; Ray Stecko of Independent Bank; Chris Georvasslis and Bob Salo of Comerica Bank. Members had the opportunity to meet Speaker of the House Andy Dillon, U.S. Senator Debbie Stabenow and U.S. Senator Carl Levin. Banker participation in these caucus events plays a crucial role in our continued advocacy efforts on behalf of the industry.



Southeast Michigan Bankers Host Mortgage Issues Discussion with Representative Andy Meisner



The MBA thanks bankers for participating in a recent grassroots meeting hosted by Flagstar Bank in Troy: Paul Borja, Sandro DiNello, Matt Roslin, John Marecki, Joan Anderson, Steve Brooks and Bob Rondeau from Flagstar Bank; Kim Schmidt, Community Central Bank; Bill White, Dearborn Federal Savings Bank; and Mike Ross, Fidelity Bank. As Rep. Meisner enters his final few months as a

termed-out majority member of the Michigan House, MBA members discussed the economic conditions affecting mortgage issues, the impact of declining home values on the local mortgage markets and possible solutions to Michigan's mortgage from the lender perspective. Legal and loss-mitigation experts covered Michigan's unique problem and the potential impact of an extended moratorium period on foreclosures.

Northern Michigan Bankers Host Discussion with Senator Jason Allen

The MBA thanks bankers for participating in a recent grassroots meeting hosted by Citizens National Bank in Cheboygan: Sue Eno, Doug Damm, Shanna Hanley, Steve Crusoe, and Jim Conboy of Citizens National Bank of Cheboygan; Jim North and John Fisher from First National Bank of St. Ignace; Renita West and other regional leaders from National City Bank. Members discussed recent events in Washington affecting financial institutions and provided an update to Senator Allen on mortgage/foreclosure issues. Bankers also discussed the differences between non-bank mortgage brokers and the heavily regulated and insured banking industry.

