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## **Elder Abuse Legislation**

A five bill package on elder abuse has been introduced in the Michigan House. The bills discuss joint account disclosures which means banks are required to disclose to all parties that each person has full rights to the joint accounts and upon death of one of the parties, all funds are disbursed to the survivor.

Two of the bills amend the social welfare act to require employees of financial institutions to be mandatory reporters of adult financial abuse. This means they would have to report the abuse to adult protective service workers at the Department of Human Services. The reporter would be confidential and immune from prosecution, but there are still compliance concerns for banks. The employee would be the mandatory reporter, but presumably the bank would be responsible for substantiating the abuse before submitting a report.

There are additional concerns about the definitions of abuse and when to report. Primary sponsor Rep. Meadows met with bankers earlier this week at an MBA grassroots meeting where he indicated that he was willing to work with the financial industry on this legislation.

The MBA is working closely with legislators on these bills to secure immunity for bank employees, as well as communicating that voluntary reporting would be more successful than mandatory reporting. Elder abuse training could efficiently be incorporated into the normal and customary training that bank employees receive on a regular basis.

## **Legislative Action Taken on the Mortgage Issue**

State legislation addressing the mortgage issue in Michigan are close to enactment. After months of work, and thanks to the intensive efforts of the MBA and the input from dozens of members via conference calls and meetings, solid solutions are being presented by your industry and acted upon by legislators. The MBA is critically engaged with the legislation and continues to work closely with both chambers and the administration on these vital issues.

A package of bills that allows MSHDA products to assist with refinancing some problem loans under their new "Save the Dream" program is under consideration. The MBA has suggested changes to the MSHDA program that make it more workable for banks. Proposals include lowering the credit score and raising the income standards for eligible consumers. With the new MSHDA program, lenders make all the decisions up front and MSHDA purchases the entire loan.

The MBA has scheduled joint news releases with OFIS on the mortgage issue and will assist with the dissemination of information about the new MSHDA program.

Efforts continue to find solutions to address the mortgage issue. Recently, OFIS invited the MBA, the Credit Union Association and the Michigan Mortgage Lenders to aggressively address the problems of mortgage foreclosures.

# Advocacy Report/ Grassroots News

The MBA continues working with the coalition and OFIS to help alleviate the situation. The MBA retail lending committee and engaged MBA members are providing valuable input and feedback.

## **Mortgage Loan Officer Registration Moves**

The mortgage loan officer registration legislation passed the house and has moved to the senate where it is expected to pass. Banks are exempt from the requirement. The bill could land on the Governor's desk in a couple weeks.

## **Predatory Lending**

An anti-predatory lending package continues to be debated in the legislature. The MBA remains engaged with the legislature and the administration to see that banks are not penalized with additional restrictions or regulations. In fact, current drafts have exempted banks.

## **FHA Mails Mortgage Letters**

The Federal Housing Administration mailed 280,000 letters to at-risk homeowners who may need a more affordable alternative to the high-cost mortgages they are currently paying. The letters went to homeowners who have already faced or are experiencing the first reset of their adjustable-rate mortgages and live within geographic locations that are currently subject to FHA loan limits nationwide. The letter urges borrowers to learn about foreclosure prevention, their legal rights and credit counseling. It also tells them they may be able to refinance into a secure, fixed-rate FHA loan even if they are in default. FHA plans to send out another 570,000 letters through September 2008.

## **Home Depot Ends ILC Bid**

Home Depot announced that it would end its bid to purchase a Utah industrial loan company (ILC). This comes just less than one year after Wal-Mart withdrew its bid to buy an ILC. Congress has been trying to clarify the rules governing who can own an ILC charter, but no agreement has been reached.

# Advocacy Report/ Grassroots News

## **Join ABA's Credit Union Committee**

Representatives from all ABA member institutions are invited to join the ABA Credit Union Committee. Committee members will receive a quarterly e-bulletin on credit union developments – Operation Credit Unions: Credit Union Insider. Members will also be invited to participate in semi-annual conference calls, as well as other calls and activities as occasion requires. To join, e-mail Keith Leggett at [kleggett@aba.com](mailto:kleggett@aba.com).

## **Credit Union Update—Fields of Membership**

The state and federal credit union acts establish the parameters of who may join any particular credit union. The Michigan Credit Union Act contains among the most liberal field of membership provisions in the nation.

Essentially, a Michigan state-chartered CU determines its own “field of membership” which may consist of one, or any combination, of the following:

1. One or more groups of any size that have a common bond of occupation, association, or religious affiliation.
2. One or more groups composed of persons whose common bond is residence, employment, or place of worship within a geographic area composed of 1 or more school districts, counties, cities, villages, or townships.
3. One or more groups whose common bond is common interest, activities, or objectives.

Neither the current Michigan Credit Union Act, nor any of its predecessor Acts, however, has ever prohibited a field of membership comprised of multiple counties, including non-contiguous counties. A field of membership comprised of anyone living, working, or worshipping anywhere in the state of Michigan is also not prohibited under the Michigan Credit Union Act.

The OFIS Commissioner may only disapprove a field of membership application or amendment on safety and soundness considerations.