

507 S. Grand Ave.

Lansing, MI 48933

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## **MSHDA's Save the Dream Program Close to Enactment**

Legislation allowing a new MSHDA product that will assist with refinancing some problem loans has passed both Michigan Chambers. The Governor is expected to sign the bill soon authorizing the new "Save the Dream" program.

This program adds another useful product for banks to assist as many consumers facing mortgage problems as possible. More than 65 banks are already approved as MSHDA lenders. Michigan banks are expected to be active participants in the new program and some are simply waiting for the Governor's signature to begin processing the new loans.

The MBA and members worked closely with the legislature and the administration suggesting changes to the new program such as raising the income standards for eligible consumers. The modifications make it more workable for banks. With the new MSHDA program, lenders make all the decisions up front and MSHDA purchases the entire loan.

The MBA supports the new campaign to protect homeownership and is working with the state of Michigan to get the word out to consumers about this opportunity. For information visit the MSHDA Lender Information Center [here](#). For a list of participating lenders click [here](#).

## **Governor Granholm Offers Letters to Homeowners in Trouble**

Governor Granholm is offering to provide banks with a letter on her letterhead and in her envelope that banks can send to mortgage borrowers that have been identified as having difficulty, or are likely to have difficulty, in continuing to make their mortgage payments. This letter is intended to encourage additional borrowers facing payment shock to contact their loan services about alternatives to foreclosure. If you wish to have a supply to send to your borrowers, please contact Nancy Hill at [hilln1@michigan.gov](mailto:hilln1@michigan.gov) or 517-373-1710.

## **Bank Seminars on Foreclosure**

If your bank is considering a program to help educate consumers about foreclosures, click [here](#) for a sample agenda, talking points and additional information. Doug Chaffin, Monroe Bank & Trust, has generously shared his successful program. Following the pattern of the programs held by Attorney General Mike Cox, these documents are easily adaptable to your bank. If you would like assistance obtaining participation from HUD, MSHDA or other groups, please contact the MBA at 517-485-3600.

In addition, some legislators are holding town hall meetings in an effort to reach homeowners with foreclosure problems.

## **Elder Abuse Legislation Moves Out of Committee**

The legislation requiring extra disclosure to all joint account holders has moved out of House committee. The MBA is joining others in a fight against this legislation. The legislation requiring mandatory reporting of financial abuse of vulnerable adults continues in work groups. It has not yet had a hearing. The MBA is working toward voluntary reporting and mandatory elder abuse recognition training.

## **Predatory Lending Debate Continues**

Anti-predatory lending legislation continues to be debated by MBA staff and members of the legislature. Legislators discussed this issue at MBA's Legislators and Lenders day Wednesday and Thursday. Legislators heard one-size-fits-all simplicity does not work.

## **Frank Unveils Draft Bill to Address Rising Foreclosures**

A draft bill that would allow the Federal Housing Administration to refinance up to \$300 million in new guarantees for troubled subprime loans was unveiled by House Financial Services Committee Chairman Barney Frank (D-Mass.) Lenders would be required to substantially write down the mortgages to make them more affordable. In exchange, they would be paid from proceeds of the new FHA loans. The FHA would provide mortgage insurance on the new loans, which would be sold on the secondary market.

Nearly \$10 billion in federal funds would be provided to state housing authorities as well. This component would allow them to work with cities to buy foreclosed properties and return them to the tax rolls as affordable housing or rental units.

## **President's Working Group Recommends Tighter Mortgage Oversight**

Stronger federal and state oversight of mortgage lenders, the implementation of nationwide mortgage-broker licensing standards and better disclosures and assessments of investment risks were among recommendations recently presented by the President's working group on financial markets. The group -- that includes Federal Reserve Chairman Ben Bernanke and other key financial regulators -- also recommended that credit-rating agencies differentiate between ratings on complex investment products and conventional bonds.

## **New MBA Committee Members Wanted**

The MBA is looking for new MBA standing committee members. If you are interested in joining a committee or have someone in mind to serve on a committee, please fill out a [committee volunteer form](#) and return it to the MBA. Thank you to our many members who already volunteer their time to serve on a MBA committee.

## **ABA Blankets Capitol Hill Newspapers with Credit Union Ad**

The ABA recently ran a full-page ad in three major Capitol Hill newspapers -- *Roll Call*, *The Hill* and *Politico*. The ad lists the "Top 10 Questions Congress Should Consider When the Credit Union Lobby Asks for Broader Lending Authority." The ad is part of ABA's coordinated effort to counter the Credit Union National Association Governmental Affairs Conference and the credit union activists who are lobbying Congress this week in support of credit union legislation. Read the [ad](#).

# Advocacy Report/ Grassroots News

## **Credit Unions are Looking for New Sources of Income**

As net interest margins have declined in recent years, credit unions are looking for new sources of revenue.

Although credit unions have traditionally shied away from fee income, in recent years many credit unions have added fee income to their revenue stream. In a recent interview, Bill Hampel, chief economist for Credit Union National Association (CUNA), stated: “. . . non-interest income is likely here to stay as a solid component of credit union revenue. I see nothing different in principle for charging a fee and charging an interest rate. . . ”

Credit unions are also seeking to gain more revenue, including fee revenue, in mortgage lending. Industry leaders believe that credit unions will see increased mortgage lending as consumers in troubled loans will seek out mortgage products from credit unions. This may be true if consumers refinance their mortgage loans with traditional depository institutions.

However, many credit unions are also restructuring their mortgage lending programs. In addition to holding member loans in portfolio, credit unions are looking to sell mortgage loans on the secondary market and retain servicing rights. Some credit unions are also looking to expand their mortgage lending programs to broker subprime loans to another lender while retaining servicing rights. Again, fee income is what's wanted.

## **Grassroots Focus: Credit Union Regulatory Improvements Act (CURIA)**

Several of Michigan's congressional delegation are currently co-sponsors of H.R. 1537 (CURIA). This legislation would reduce the regulatory capital requirements on credit unions while increasing their business lending authority. The MBA and ABA strongly oppose several components of this legislation. The four Michigan members that have not co-sponsored this legislation to date include Congressman Vern Ehlers, Congresswoman Candice Miller, Congressman Mike Rogers and Congressman John Dingell. Please send a letter to any of these legislators thanking them for their support on this issue. It is important we communicate strongly on this issue. The U.S. Senate plans to introduce their version of CURIA soon. Stay tuned for upcoming action alerts on this important issue to our industry.

## **MBA Action Alert E-mail Database Update**

The MBA currently sends more than 350 letters to legislators through its CapWiz Action Alert e-mail system. Alerts are e-mailed to members in our database as legislative issues with a significant impact on Michigan banks develop. These automated letters only take a few seconds for member bankers to send on behalf of our industry. In an effort to increase our communication with elected officials, the MBA will be requesting additional bankers for our action alert list from each member CEO. Please assist us in increasing our industry voice in Lansing and Washington, D.C.

## **2008 MBA Washington, D.C. Delegation – September 23-25**

The MBA will host its annual Washington, D.C. delegation on September 23-25 at the Mayflower Renaissance Hotel. MBA members representing institutions from each congressional district are required for this important advocacy event. Participants will meet face-to-face with a governor from the Federal Reserve, leaders at the FDIC, OTS and OCC, in addition to visiting with our members of Congress on Capitol Hill. Space is limited. Contact Jordan Kingdon for information at 517-342-9073 or [jkingdon@mibankers.com](mailto:jkingdon@mibankers.com).

# Advocacy Report/ Grassroots News

## **MBA Grassroots Meeting with Senate Majority Leader Mike Bishop**



At a grassroots meeting with Senate Majority Leader Mike Bishop at Flagstar Bank in Troy, bankers discussed Michigan's mortgage and real estate issues and the potential effect proposed legislation would have on Michigan's financial institutions.

Participating bankers include Mark Hammond, Paul Borja, Sandro DiNello and Matt Roslin, Flagstar Bank; Kim Schmidt, Community Central Bank; Vito Pianello, The Private Bank; Gregg Christenson, Huntington Bank; Mike Tierney and Greg Quick, Peoples State Bank; Jim Madaus, Citizens Bank; Bill White, Dearborn Federal Savings Bank; Mike Sarafa, Bank of Michigan; Martin Blake, Crestmark Bank.

## **MBA Grassroots Meeting with Congressman Pete Hoekstra**



At a grassroots meeting with Congressman Pete Hoekstra in Ludington, bankers discussed bankruptcy reform (H.R. 3609) and credit union expansion legislation (H.R. 1537, aka CURIA).

Participating bankers include Tom Van Buren, Charles Keller, Jeremy Holmes and Budde Reed, West Shore Bank; Norm Campbell, Central State Bank; Paul Patterson, State Savings Bank; Doug Parkes, Honor State Bank; Deb Smith Olson and Bob Fisher, Lake Osceola State Bank; Dave Rose, United Bank of Michigan.

## **MBA Grassroots Meeting with State Representatives Mark Meadows and Barb Byrum**



At a grassroots meeting with State Representatives Mark Meadows and Barb Byrum at Independent Bank – East Lansing, bankers discussed Michigan's mortgage and foreclosure issues, proposed legislation aimed at reducing financial elder abuse and the local economy.

Participating bankers include Denise Wheaton and Cheryl McKellar, Independent Bank; Jim Schmelter, Citizens Bank, Mark Emmert, Debra Miles and Sharon Thompson, Dart Bank; Chris Nugent, Summit Community Bank; Sheri Dubois, Eaton Federal Savings Bank.

## **MBA Grassroots Meeting with Congressman Mike Rogers**



Jim McAuliff, Casey Kondel, Scott Peters and Doug Schyck, First National Bank of Howell; Sandy Radtke-Gerkin, Bill Anderson and John Hulyk, Brighton Commerce Bank; Mark Emmert, Dart Bank; Josh Eling, Citizens Bank; Terry Greisinger, MBA Service Corporation participated in a recent grassroots with Congressman Mike Rogers at 1st National Bank in Howell.