

507 S. Grand Ave.

Lansing, MI 48933

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## Credit Unions Subject to UBIT

According to the Internal Revenue Service, credit unions are now subject to unrelated business income taxation (UBIT) for income derived from nonmember ATM users. The fees simply produce income for the credit unions and do not contribute to accomplishing their exempt purpose.

## ABA Asking for Improvements to SAR Process

The American Bankers Association is asking Congress to improve the suspicious activity reporting (SAR) process by eliminating inefficient and outdated reporting obligations. They are also asking them to fine tune the SAR process and reduce the burden of BSA data reporting. The number of SARs filed by depository institutions has grown from 81,197 in 1997 to 567,080 in 2006, a seven-fold increase.

## Call Your U.S. Rep Today and Urge Support of H.R. 698

The MBA urges all members to call their U.S. Representative today and ask for their vote in support of H.R. 698. This bill will close the industrial loan company loophole and restore the traditional separation of banking and commerce and would also prohibit commercial firms from acquiring existing ILCs.

ILCs are FDIC-insured depository institutions chartered in a handful of states which permit commercial ownership of these “banks.” In addition to being contrary to the long-standing federal prohibition against mixing banking and commerce policy, the concentration of economic power in local communities and the creation of conflicts of interest in the credit-granting process could harm local economic growth.

Over the past several years, commercial firms have increasingly sought ILC charters, exploiting this loophole. In July of 2006 the FDIC announced that it would place a six-month moratorium on deposit insurance approvals for ILCs to give Congress an opportunity to act. House Financial Services Committee Chairman Barney Frank and Congressman Paul Gillmor were successful in getting the FDIC to extend their moratorium to allow Congress to act on this legislation. The House is scheduled to vote on this legislation on Monday.

## Phone Numbers for Michigan's U.S. Representatives

Rep. Bart Stupak (D - 01) 202-225-4735  
Rep. Peter Hoekstra (R - 02) 202-225-4401  
Rep. Vernon J. Ehlers (R - 03) 202-225-3831  
Rep. Dave Camp (R - 04) 202-225-3561  
Rep. Dale E. Kildee (D - 05) 202-225-3611  
Rep. Fred Upton (R - 06) 202-225-3761  
Rep. Tim Walberg (R - 07) 202-225-6276  
Rep. Mike Rogers (R - 08) 202-225-4872

Rep. Joe Knollenberg (R - 09) 202-225-5802  
Rep. Candice Miller (R - 10) 202-225-2106  
Rep. Thaddeus McCotter (R - 11) 202-225-8171  
Rep. Sander M. Levin (D - 12) 202-225-4961  
Rep. Carolyn Kilpatrick (D - 13) 202-225-2261  
Rep. John Conyers, Jr. (D - 14) 202-225-5126  
Rep. John D. Dingell (D - 15) 202-225-4071

# Advocacy Report/ Grassroots News

## Increase in Supervisory Fees

Banks are being notified by OFIS of a modest increase in its supervisory and trust fees this year. General supervisory fees will be increased by three percent and fees for banks with trust powers will go up five percent. OFIS dipped into its reserve fund to help keep supervisory fees at a manageable level this year. A larger fee increase is anticipated for 2008 as well. In comparison, state bank and savings bank fees are about 25 percent of that charged by the OCC for a comparable asset size national bank and about 30 percent of that charged by the OTS for a comparable size federal thrift.

## Richard Lavolette Joins MBA Advocacy Team

Richard Lavolette has joined the MBA advocacy team as director of legal and regulatory affairs. He will provide legal and policy direction for the MBA and affiliated organizations.

Lavolette previously served as chief deputy commissioner for the Office of Financial and Insurance Services (OFIS) where he was responsible for overseeing the regulation of Michigan state-chartered banks, credit unions, insurance companies, mortgage companies and securities firms.

## Oppose Credit Union Small Business Lending Act of 2007

In addition to the recent introduction of CURIA (H.R. 1537), H.R. 1849 was introduced in an attempt to increase credit unions commercial lending authority. While the guaranteed portion of small business administration loans currently is excluded from the credit unions' aggregate business loan cap, the legislation would also exclude the non guaranteed portion. In addition, the bill would apply an 85 percent guarantee to any credit union business loan under \$250,000 made in an under served area. Please send the MBA CapWiz letter opposing this legislation to your U.S. Representative by clicking [here](#).

## Upcoming MBA Grassroots Meetings

Space is still available for bankers interested in participating in the upcoming grassroots meeting with Congressman Dale Kildee on May 30, 4:00 p.m. at his Flint district office. Don Grill of Fentura Financial will lead the discussion on competition from credit unions, ILC loophole legislation and the local economy.

The MBA is confirming a date for an upcoming meeting with Congressman Pete Hoekstra at West Shore Bank in Ludington. If you are interested in attending these events, contact Jordan Kingdon at 517-342-9073 or [jkingdon@mibankers.com](mailto:jkingdon@mibankers.com).

## Legislators Attending MBA Group Meetings

- Group 9, May 7, Lenawee Country Club: Senate Banking Committee Chairman Randy Richardville
- Group 4, May 14, Spring Lake Country Club: House Banking Committee member and State Rep. Kevin Green and Speaker Pro-Tempore Michael Sak
- Group 8, May 21, Battle Creek Country Club: Sen. Mark Schauer and Chris Simmons from Tim Walberg's office
- Group 5, May 24, PohlCat Golf Club: House Banking Committee Chairman Andy Coulouris, Reps. Bill Caul and John Moolenaar
- Group 7, June 4, Hawk Hollow: Reps. Barb Byrum and Mark Meadows and House Banking Committee Chairman Rep. Andy Coulouris

# Grassroots News

## MBA Grassroots Meeting With Rep. Kevin Green



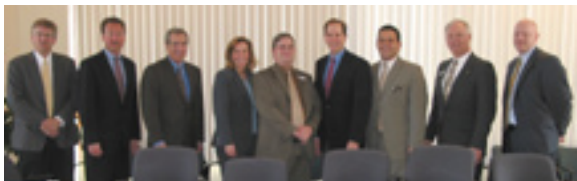
Bob Kaminski and Chuck Christmas, Mercantile Bank; Bill Benaar, FirstBank; Jim Bosserd, ChoiceOne Bank; Art Johnson, John Van Singel, Cindy Lowman, Mike Manica and Beth Behrend, United Bank of Michigan attended the April 30 MBA grassroots meeting with Rep. Kevin Green at United Bank of Michigan in Grand Rapids.

## MBA Grassroots Meeting With Sen. Mike Prusi



Ken Palmer, Al Koskey, Scott Reilly, Roxanne Daust, Range Bank; Don St. Germaine, Baybank; David Williams, Upper Peninsula State Bank; Bill Stream and Gary Nelson, Peninsula Bank of Ishpeming and Rick Nebel, Peoples State Bank of Munising attended the April 12 grassroots meeting with Sen. Mike Prusi at Range Bank in Negaunee.

## MBA Grassroots Meeting With Congressman Dave Camp



Jim Hoffman and Ricardo Cobos, Honor State Bank; Doug Wolf, Chase Bank; Jon Catlin, Chemical Bank; Brian Duddles, State Savings Bank; Erickson Braund, Wells Fargo Bank; Daniel Spagnuolo and Wendy Steele, Huntington National Bank attended a grassroots meeting with Congressman Dave Camp April 10.

## Bankers Needed for MiBankPAC Fundraisers

The following fundraisers are receiving support from MiBankPAC. If you are interested in recruiting a four-some to attend on behalf of MiBankPAC, please let us know so we can coordinate with those planning the following events:

- May 21: Rep. Dave Hildenbrand Golf Fundraiser – Deer Run Golf Course, Lowell, MI
- June 4: Rep. Phil LaJoy Golf Fundraiser – Pheasant Run Golf Course, Canton, MI
- June 8: Sen. Jud Gilbert Golf Fundraiser – Eldorado Golf Course, Mason, MI
- June 8: Sen. Randy Richardville Walleye Fishing Funraiser, Toledo Beach Marina, LaSalle, MI (space limited)
- June 15: Rep. Mike Nof's Golf Fundraiser - Medalist Golf Club, Marshall, MI
- June 15: Sen. John Gleason Golf Fundraiser, Briar Ridge Golf Course, Montrose, MI
- June 22: Sen. Michelle McManus Clay Shoot Fundriaser, Clare Rod and Gun Club, Clare
- June 29: Rep. Craig DeRoche Golf Fundraiser – Links of Novi, Novi, MI
- August 4: Rep. Tim Melton's Golf Fundraiser – Fieldstone Golf Club, Auburn Hills, MI