

507 S. Grand Ave.

Lansing, MI 48933

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Tax Clean Up, Mortgage Fraud, Industry Integrity Top Legislative To Do List

With the new Michigan Business Tax bill including the FIT signed into law, the legislature will focus on the budget when they return from summer break. Also in the works is a tax trailer bill that will deal with definitional and technical changes to the MBT.

Under consideration is a possible six percent tax on some services including mortgage origination fees, appraisals, title work, trust services and investment services. File freeze and gift card legislation is on hold until fall.

Expect to see a host of new bills with potential consequences to the banking industry. In response to what appears to be a resurgence of mortgage refinancing scams, the legislature is looking to produce a package of bills that may include: financial literacy, predatory lending, foreclosure adjustment and abandoned properties. In addition, industry integrity legislation targeting the licensing of loan officers and the reopening of the first and second mortgage act, which will affect interest rates and fee caps, looks likely. The MBA continues to work with legislators and the administration to keep the interests of the financial industry in view as these bills move through the chambers.

It's important to keep educating our elected officials, the public and business leaders about the difference between mortgage fraud, which is being perpetuated by those outside the banking industry, and foreclosure issues. If you have the opportunity, continue sharing the advice that encourages those with mortgage problems to talk with their lender first and realize that if a solution to their financial woes sounds too good to be true, it probably is. Suggest that folks visit their bank and sit down with a loan officer.

Seminar Offered on New Business Tax

How will the new Michigan Business Tax (MBT) and FIT affect your bank and other businesses? Learn from industry experts at the MBA's Michigan Business Tax Seminar scheduled for Sept. 6 in St. Ignace and September 10 at the MBA Education Center in Lansing. Contact the MBA at 517-485-3600 for more information.

Economy Expanding at a Moderate Pace

According to Federal Reserve Chairman Ben Bernanke, the economy is likely to expand at a moderate pace through the end of this year then strengthen into 2008. He also said the central bank's main concern is the potential for higher inflation. Rising delinquencies and foreclosures are creating problems for many and this trend is likely to intensify.

Regulator Statement on Subprime Mortgage Loans

The federal financial regulatory agencies final statement on subprime mortgage-lending outlines issues related to certain adjustable-rate mortgage products. Borrowers should be informed of potential payment increases, any prepayment penalties, the existence of balloon payments, whether a pricing premium is attached to a reduced-documentation or stated-income loan program and requirements to make real estate tax and insurance payments in addition to loan payments.

Fannie, Freddie Changing Purchase Rules On Nontraditional Mortgages

Fannie Mae and Freddie Mac are tightening their policies for buying nontraditional home loans to conform with the federal banking agencies' guidance on nontraditional mortgage products. The changes go into effect Sept. 13.

Meet Congressman Dave Camp Monday, July 23 in Midland

Twelve bankers representing eight member institutions (Chemical Bank, IBT Bancorp, Firstbank – Mt. Pleasant, Isabella Bank and Trust, Independent Bank, Wolverine Bank, Citizens Bank and Comerica Bank) will meet with Congressman Dave Camp Monday, July 23 in Midland. MBA lobbyists and attendees will discuss the New Horizons proposals in the 2007 Farm Bill, ILC loophole legislation, and two bills in the U.S. House that aim to expand the business lending authority of credit unions. Please send a CapWiz letter opposing the Credit Union Small Business Lending Act of 2007 if you have not already done so by clicking [here](#).

Contact Your Member of Congress to oppose the New Horizons Proposal in 2007

Farm Bill

Recently several bankers contacted Michigan's member of the House Agriculture Committee, U.S. Representative Tim Walberg (R-7th, Michigan), to oppose the credit portion of the proposed changes to the Farm Credit System (FCS) in the 2007 Farm Bill. Title V, the credit portion of the bill, contains new language that further expands the lending authority of the FCS. It allows FCS lenders to make home mortgages in towns up to 6,000 people, a 240 percent increase in town size. The bill also expands the scope of business lending by all FCS lenders. If you have not yet sent a letter of opposition to your member of congress, please click [here](#).

Ask Senators Carl Levin and Debbie Stabenow to support the Industrial Ban

Holding Company Act of 2007

Take a moment to urge Senators Debbie Stabenow and Carl Levin to cosponsor S. 1356. This legislation would close a loophole in the law that allows commercial firms to ignore the federal prohibition against mixing banking and commerce by acquiring state-chartered industrial loan companies (ILCs). Wal-Mart recently withdrew their FDIC application for an ILC after similar legislation passed the U.S. House. Click [here](#) to send the CapWiz letter to your U.S. Senators.

Coalition for Credit Union Charter Options Files Suit

A lawsuit filed in federal district court by the Coalition for Credit Union Charter Options against the National Credit Union Administration, charges that NCUA overstepped its authority in issuing rules on the conversion of credit unions to mutual savings banks claiming NCUA's regulations fail to meet rules regarding restrictions.

Washington, D.C. Delegation

Attend the Washington, D.C. Delegation, Sept. 25-27, to learn about important industry issues. Meet with industry leaders to discuss the future of banking. Click [here](#) for more information.

Bankers and Host Banks Needed for Upcoming Grassroots Meetings

Contact Jordan Kingdon at jkingdon@mibankers.com if interested in attending or hosting any of the following meetings:

Attendees needed:

Congressman Pete Hoekstra and Congressman Fred Upton.

Attendees and host banks needed:

Representative Steve Beida (D-Macomb County) • Representative Andy Coulouris (D-Saginaw County) • Representative John Moolenaar (R-Midland/Saginaw County area) • Senator Tupac Hunter (D- Detroit: Wayne County, Dearborn Heights, Inkster area) • Senator Alan Sanborn (R- Macomb: Memphis, Mount Clemens, New Baltimore city, Shelby Twp area) • Senator Michelle McManus (R – Clare/Osceola/Mecosta Counties: Baldwin, Reed City, Clare, Harrison, Big Rapids area) • Senator Mark Jansen (R – Kent County) • Senator Roger Kahn (R – Gratiot/Saginaw County)