

507 S. Grand Ave.

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MBA Efforts Keep Banks Exempt from Mortgage Loan Officer Registration

Bankers are exempt from the Michigan Mortgage Brokers, Lenders and Servicers Licensing Act. Because of the MBA diligence and proactive efforts educating legislators, the new regulation applies specifically to mortgage lenders. The approved bills was a first step in greater accountability for mortgage brokers and regulatory oversight. All bank employees are excluded from the act.

Communication Kit Available

If your bank is looking for assistance communicating with customers and the public about the safety and soundness of their bank and its deposits, the MBA offers resources, talking points, links to FDIC information and sample news releases on the MBA Web site www.mibankers.com.

Agencies React to Takeover of Fannie, Freddie

In response to the government takeover of Fannie Mae and Freddie Mac, the federal banking agencies explained that investments in preferred stock and common stock with readily determinable fair value should be reported as available-for-sale equity security holdings, and that any net unrealized losses on these securities are deducted from regulatory capital. The agencies also stated that a limited number of smaller institutions hold significant amounts of Fannie and Freddie shares relative to their capital, and that they plan to work with these banks to develop capital-restoration plans.

FannieMae and Freddie Mac Takeover—What it Means to Your Bank

Visit www.mibankers.com for an overview of the Fannie Mae and Freddie Mac takeover. This question and answer format explains the actions taken by the Treasury Department and the Federal Housing Finance Agency (FHFA) and what it means to stock holders and bank customers.

Network Funds Exchange Product Legislation Scheduled for Hearing

Legislation allowing Network Funds Exchange products such as those offered through the CDARS program is scheduled for a hearing in the House Banking Committee next week. Presently allowed in Michigan as an insurance product for nonpublic sector deposits, legislation is currently under consideration that would allow the use of products like CDARS to insure public funds deposited in Michigan banks. If enacted, the legislation would also allow for this reciprocal deposit transaction of public sector funds as is currently allowed for retail customers. Identical deposit amounts would be exchanged among banks. Michigan banks would retain the original transfer amount in deposits but now all deposits would be insured by the FDIC. Furthermore, the MBA is working to assure the legislation does not preclude optional FHLB programs. The MBA is supporting HB 6297 and HB 6298 which will open this option to public sector depositors in Michigan banks.

Advocacy Report

Ergonomics Rules Being Considered

If new rules are enacted, banks will be required to establish an ergonomics plan and implement and train all employees. Documentation of training would be required and MIOSHA would audit the plan. Provisions state that businesses with “effective ergonomic program established and documented by the effective date of the rules” are exempt from the rules. It is not clear who verifies if the program is “effective.” The rules also do not apply to the construction, agriculture, mining or domestic employment industries. The MBA argued against the rules.

National Study Proves Mortgage Brokers More Expensive

HUD’s Office of Policy Development and Research released a national study on closing costs which found that all things being equal, loans made by mortgage brokers are approximately \$300 to \$425 more expensive than those made by direct lenders. Depositories which include banks and thrifts are the lowest cost originator. The study also listed Nevada, Michigan and Utah as the most expensive states for getting a loan at \$2,500 more costly than Alaska, the least expensive.

Fed Adopts Rules To Crack Down on Abusive Mortgage Loans

The Federal Reserve Board adopted a final rule to protect consumers from unfair and deceptive home mortgage lending practices. Focusing on preventing unscrupulous subprime lending, the rule amending Regulation Z applies to all loans secured by a borrower’s principal dwelling. Mortgage lenders, including nonfederally regulated lenders are subject to the rule as well.

Banking Industry Wins Major Victory in Pennsylvania Credit Union Case

A U.S. District Court judge in Harrisburg, Pa., ruled that the National Credit Union Administration’s decision to designate a 3,400 square-mile, six-county area encompassing most of south-central Pennsylvania as a “well-defined, local community” was “arbitrary and capricious” and must be overturned. ABA, the Credit Union Strategies Task Force -- an alliance of the Pennsylvania Bankers Association and the Pennsylvania Community Bankers Association -- and several local banks filed the lawsuit against the NCUA in November 2005, saying the agency’s designation of the area as a “well-defined local community” was the product of a deeply flawed process, and that the NCUA willfully ignored many readily available facts that negated that designation.

Maine Savings Bank, Credit Union Plan Merger

Augusta, Maine-based Kennebec Savings Bank and KV Federal Credit Union look to form a federally chartered mutual savings institution under the name of Kennebec Savings Bank. If it receives regulatory approval, the merger of the state-chartered savings bank and the federal credit union would mark a first in Maine and would be among the first instances nationally of a credit union teaming up with a savings bank.

Advocacy Report

Regulators Answer Tough Questions at MBA's Michigan Banking Summit



Regulators answer banker's questions during the Michigan Banking Summit.

Summit. These policy makers gave frank and thoughtful answers spotlighting the importance of banks management ratings.

The regulators stressed the need for bankers to demonstrate they have properly addressed capital, asset and liquidity issues and that they have proper documentation to support critical decisions.

The also stressed that regular, straight forward and frank communications with regulators outside the normal examination process are key to ensuring a fair management rating.

Regulators strongly encouraged bankers to ensure their bank has a sound plan in place to respond to rising liquidity issues.

Look for a full accounting and question and answer highlights in the December issue of MBA's publication *mbabanking* magazine being mailed in December and available December 3 at the MBA Bank Management and Director Conference.

Federal Reserve Bank of Chicago to Host Community Bankers Symposium

The Federal Reserve Bank of Chicago is hosting its annual Community Bankers Symposium on Friday, November 14, 2008. This fourth annual forum is designed to provide discussion for directors and senior officers of community bank organizations.

Discussion topics include current supervisory issues and credit conditions, Allowance for Loan and Lease Losses (ALLL), liquidity issues and emerging hot topics. Scheduled presenters include Federal Reserve Bank of Chicago President Charles Evans, former Comptroller of the Currency and founding partner and CEO of Promontory Financial Group Eugene A. Ludwig, as well as senior regulatory officials from the FDIC, OCC and State of Illinois.

A reception is scheduled Thursday at 5:00 p.m. in the visitors center. To register for this event, please contact Charmaine Cerveny at 312-322-5566 or e-mail charmaine.cerveny@chi.frb.org by Friday, October 31.

Advocacy Report

Post Primary Election Update

Through the MBA's Michigan Bankers Political Action Committee, MiBankPAC, the MBA supported a number of candidates in the state primary election. The following list includes those supported by MiBankPAC.

Support by MiBankPAC is given to officeholders and candidates for public office supporting the principles of free enterprise and a vibrant banking industry. In evaluating candidates, MiBankPAC consider many factors including an incumbent's voting record and a candidate's general views on issues important to our industry, the office being sought and specific leadership and committee posts held as related to our industry, the candidate's campaign and his or her chances for succeeding in the election, the candidate's opponent, the political composition of a district, input from MBA members and MiBankPAC contributors from the district. MiBankPAC is bipartisan and supports candidates and officeholders from either political party.

Open Seat Candidates:

Bolger, Jase (63-R)	Howell, Gary (82-R)	Schmidt, Wayne A. (104-R)
Brandenburg, Brian (24-R)	Kowall, Eileen (44-R)	Shemel, Don (58-R)
Crawford, Hugh (38-R)	LaJoy, Todd (21-R)	Stamas, Jim (98-R)
Denby, Cindy (47-R)	Lund, Pete (36-R)	Switalski, Jon (25-D)
Ginster, Thomas A. (70-R)	McManus, Michael (101-R)	Tyler, Sharon (78-R)
Gregory, Vincent (35-D)	Neumann, Andy (106-D)	Walsh, John J. (19-R)
Haines, Gail (43-R)	Ramsey, Carl (12-D)	Welday, Paul (37-R)
Haveman, Joseph (90-R)	Schmidt, Roy (76-D)	

Incumbents:

Agema, Dave (74-R)	Elsenheimer, Kevin A. (105-R)	McDowell, Gary (107-D)
Angerer, Kathy (55-D)	Espinoza, John (83-D)	Meadows, Mark S. (69-D)
Ball, Richard J. (85-R)	Gonzales, Lee (49-D)	Meekhof, Arlan B. (89-R)
Bauer, Joan (68-D)	Green, Kevin J. (77-R)	Melton, Tim (29-D)
Booher, Darwin L. (102-R)	Griffin, Martin J. (64-D)	Meltzer, Kim (33-R)
Brown, Terry L. (84-D)	Hammel, Richard E. (48-D)	Miller, Fred (31-D)
Byrnes, Pam (52-D)	Hammon, Ted (50-D)	Moore, Tim (97-R)
Byrum, Barb (67-D)	Hansen, Goeff (100-R)	Moss, Chuck (40-R)
Calley, Brian N. (87-R)	Hildenbrand, Dave (86-R)	Opsommer, Paul E. (93-R)
Caul, Bill (99-R)	Horn, Kenneth B. (94-R)	Pearce, Tom (73-R)
Clemente, Ed (14-D)	Jackson, Shanelle (9-D)	Polidori, Gino H. (15-D)
Corriveau, Marc R. (20-D)	Johnson, Bert (5-D)	Proos, John (79-R)
Coulouris, Andy (95-D)	Jones, Rick (71-R)	Rocca, Tory (30-R)
Cushingberry, Jr., George (8-D)	Jones, Robert B. (60-D)	Schuitmaker, Tonya L. (80-R)
Dean, Robert (75-D)	Knollenberg, Marty (41-R)	Sheltrown, Joel A. (103-D)
Dillon, Andy (17-D)	Lahti, Michael A. (110-D)	Simpson, Mike (65-D)
Donigan, Marie (26-D)	LeBlanc, Richard (18-D)	Spade, Dudley (57-D)
Durhal, Jr., Fred (6-D)	Leland, Gabe (10-D)	Valentine, Mary (91-D)
Ebli, Kate (56-D)	Lindberg, Steven W. (109-D)	Warren, Rebekah (53-D)
	Mayes, Jeff (96-D)	Young, Coleman (4-D)

Washington, D.C. Delegation September 23-25, 2008

More than 25 bankers from institutions throughout Michigan are scheduled to participate in the MBA's annual Washington, D.C. fly-in September 23-25. Attendees will receive a legislative briefing at ABA headquarters before meeting with leaders from the FDIC, OCC, Federal Reserve and Department of Treasury. Hill visits are being scheduled with all members of the Michigan Congressional Delegation to discuss current issues affecting banking. The MBA has also confirmed meetings with Federal Reserve Governor Kevin Warsh at the FED headquarters and Ike Brannon, deputy director of domestic policy for John McCain 2008 on September 23. This nonprofit event is a critical component to our federal grassroots lobbying efforts.

Contact Banker Recruiting Drive Continues

The MBA added more than 150 Michigan bankers to the e-mail "Action Alert" database in the month of August. The MBA grassroots program is still seeking additional bankers for our electronic lobbying system. Last year, more than 3,000 letters were sent to Michigan legislators in both Lansing and Washington. As important issues arise, the MBA's "Action Alert" database allows us to show our grassroots strength. For more information, please contact Jordan Kingdon at 517-342-9073 or jkingdon@mibankers.com.

MBA Recruits More than 50 ABA Direct Contact Bankers for 2008-2009

The MBA is pleased to report that more than 50 member bankers agreed to participate in the ABA's Direct Contact Banker program for the upcoming year. The MBA is still seeking additional representatives for the following members of Congress Congressman Sander Levin, Congresswoman Carolyn Kilpatrick and Congressman John Conyers. Please contact Jordan Kingdon at 517-342-9073 or jkingdon@mibankers.com for more information.

Upcoming Grassroots Meetings

Friday October 3, 12:00 p.m.: Senator Nancy Cassis (R) at Flagstar Bank, Novi

Monday October 6, 9:30 a.m.: Senator Michelle McManus (R) at the Honor State Bank, Honor

October TBD: Senator Alan Sanborn (R) at Citizens State Bank, New Baltimore

U.P. Bankers Discuss Legislative Issues with Representative Gary McDowell



The MBA would like to thank the 14 bankers from Central Savings Bank, Old Mission Bank, National City and Citizens Bank who recently participated in a recent grassroots with State Representative Gary McDowell in Sault Ste. Marie. Members discussed financial elder abuse, identity theft and financial literacy issues.