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## Federal Legislative Update

May 20, 2009

### Georgia Community Bankers Visit Georgia Congressional Delegation

Last week (May 11-14) a group of Georgia community bankers and I attended Independent Community Bankers of America's Washington Policy Summit. The ICBA's annual Washington Policy Summit is an event in our nation's capitol where community bankers from the various states take the opportunity to meet in person with members of their Congressional delegations and with regulatory officials to discuss the most pressing issues affecting the community banking industry. The Georgia community bankers attended along with close to 700 other community bankers from across the country. While in Washington the Group heard addresses from Secretary of the Treasury Timothy Geithner, Comptroller of the Currency John Dugan and House Majority Leader Representative Steny Hoyer (D-MD). Some members of the Group also attended meetings with top regulatory staff at the FDIC and the Federal Reserve.

The Georgia Group of community bankers met with both of Georgia's Senators and eight Congressmen and/or their banking staffers during two days on the Hill. The Group was able to visit with all three Georgia Congressmen who are members of the House Financial Services Committee, Jim Marshall, Tom Price and David Scott. Other Congressional offices visited were the offices of Congressmen John Barrow, Nathan Deal, Phil Gingrey, Jack Kingston and Lynn Westmoreland. The Georgia community bankers attending the Policy Summit included CBA Chairman-Elect Derek Williams, President and CEO First Peoples Bank, Pine Mountain, ICBA State Director for the South Georgia district, Bran Thompson, President of South Georgia Bank, Glennville and ICBA Standing Committee Members George Andrews, President and CEO of Capitol City Bank & Trust Company, Atlanta and Bob Peck, President and CEO of Gateway Bank & Trust, Ringgold. Elliott Miller, President and CEO of Georgia Banking Company, Atlanta was an at large attendee.

The primary issues discussed included two issues the CBA Board directed that be on our agenda at their April Board meeting: (1) the limitation on the amount of the ALLL that can be counted as a part of Tier II Capital (i.e. the 1.25% of loans limitation,) and (2) the fact that the recent FASB changes on mark-to-market accounting provided no relief in regard to fair value accounting for real estate and a recommendation that community banks be allowed to write down real estate secured loans and/or Other Real Estate over a five year period of time, assuming the bank can demonstrate through reasonable projections the adequacy of earnings to amortize such a write down over that period of time. The one page "position briefs" provided to the members of the Congressional delegation and to the FDIC on these two issues can be found on the CBA website.

Two other primary issues discussed included the Deposit Insurance Bill and Regulatory Restructuring, in particular the need to address the issue of "too big to fail" institutions. The Deposit Insurance Bill, among other things, increases the FDIC's borrowing authority from \$30 billion to \$100 billion, with emergency borrowing authority up to \$500 billion, extends the \$250,000 deposit insurance limit through year end 2013 and increases from five to eight years the amount of time FDIC has to recapitalize the Deposit Insurance Fund. As you are aware, Chairwoman Shelia Bair of the FDIC has indicated the passage of the new borrowing authority is essential if FDIC is to be able to reduce the special deposit insurance assessment from 20 basis points to 10 basis points or less; and therefore, the critical need for passage of this legislation was emphasized in all the meetings. Yesterday the House passed the Senate version of the Deposit Insurance Bill, Senate Bill 896, and the President is expected to sign the bill before Memorial Day. In regard to Regulatory Restructuring, we indicated support for a systemic regulator for systemically important institutions and for a systemic resolution authority to deal with the failure of a systemically important institution. While much debate is yet to come on this issue, our primary message on "too big to fail" was that it needs to be dealt with in an effective, meaningful way, which will no longer allow the financial troubles of one or a small number of large institutions to bring the entire financial system and the economy to its knees. Other issues discussed or on which we left

information for review by the Senators, Congressmen and their staffers included mortgage bankruptcy “cram down,” credit union attempts to expand their business lending powers, interchange fee legislation being pushed by retailers **(an amendment dealing with interchange fees was never offered yesterday when the Credit Card Bill of Rights Act was passed yesterday, due to the lobbying efforts of community bankers across the country on this issue.)** and residential mortgage and anti-predatory lending reform.

**The community bankers attending the Policy Summit, the meetings on Capitol Hill, and the meetings with the regulatory agencies agreed the meetings were worthwhile and productive. I want to thank these community bankers for taking the time to participate in these meetings. Also, we all want to thank the Senators, Congressmen and the members of their staff that took time out of their business schedules to meet with us.**

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## Community Bankers Association of Georgia

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