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SENATOR CORKER NEGOTIATING REG REFORM WITH DODD

Senate Banking Committee Chairman Chris Dodd (D-Conn.) will resume bipartisan negotiations on a regulatory reform bill with GOP panel member Bob Corker (R-Tenn.). The announcement came after Dodd's talks with the ranking Republican on the panel, Sen. Richard Shelby (R-Ala.), broke down last week.

Corker, who has been working with Sen. Mark Warner (D-Va.) on proposals to establish a resolution authority, said he is committed to ending "too big to fail." He also reiterated in a CNBC interview that he opposes creation of a separate Consumer Financial Protection Agency.

"Consumer protection is probably THE hot button issue, and Senator Dodd and I have agreed to set that topic aside for now," Corker said in a statement yesterday. "I believe our goal should be trying to figure out a way to enhance consumer protection without negatively impacting the safety and soundness of our financial system. I am a businessman at heart and feel strongly about placing limits on the federal government's intrusion into the marketplace."

Corker Statement: Best Way to Proceed on Reg Reform Is to Work First Through Areas of Consensus and Stand Alone Consumer Protection is a Non-starter.

Corker made the following statement today in regard to bipartisan financial regulatory reform efforts:

After seeing some news reports, I want to make it clear that I believe consumer protection should be part of any financial regulatory reform negotiations, but I believe the best way to proceed with negotiations is to set the issue aside for now and work first through those areas where there is general consensus. Like most Republicans, I believe a standalone agency for consumer protection or separating

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those protections from safety and soundness are nonstarters. I will work to see if we can find a way to enhance consumer protection without negatively impacting the safety and soundness of our financial system, and if we cannot, this will not be a bill I can support.

I have agreed to work with Chairman Dodd to see if it is possible to craft the right regulatory reform bill that can receive bipartisan support; I have not promised to support anything less than that.

Regional Banker Briefings on Financial Regulatory Reform, Wednesday, Feb.17. ABA is inviting all bankers to participate in one of three free regional telephone briefings on Wednesday, February 17, for an update on the massive financial regulatory reform bill. It's an opportunity for you to learn the latest information and ask questions. These will be half-hour briefings, conducted by Steve Wilson, ABA Chairman-Elect and Chairman & CEO of LCNB National Bank of Lebanon, Ohio, and ABA CEO Ed Yingling. We strongly urge you to participate to better understand this important legislation, which will affect every bank in the country.

Tennessee's call is scheduled for 3:00 – 3:30 p.m. (EST) on Wednesday. You will need to register for the calls online in advance. To register, please follow this link:

http://online.krm.com/iebms/reg/reg_p1_form.aspx?oc=10&ct=0018458&eventid=16651

If you are unable to participate, audio recordings of each program will be available at www.aba.com on February 18.

NEXT WEEK IN THE GENERAL ASSEMBLY...

Two of TBA's trust bills (SB 3522 and SB 3045, both by Overbey) are expected to go to the Senate floor for a final vote. SB 3522, which would update and make technical corrections to Tennessee's trust laws, was passed in the Senate Commerce, Labor, and Agriculture Committee Tuesday and is expected on Thursday's (2/18) calendar. SB 3045, which provides that wills or trusts of decedents who die after Dec 31, 2009 but before Jan 1, 2011, that reference current federal estate tax law shall be construed as referring to the federal estate tax laws as of Dec 31, 2009, was passed in the Senate Judiciary Committee Tuesday and is on Wednesday's (2/17) calendar.

Also up next week in the Senate Commerce, Labor, and Agriculture Committee is SB 3604 / HB 3159, which would delete language that exempts banks from complying with the Prompt Pay Act, including the provisions related to retainage being withheld from contractors. The removal of the exemption would put the lender into the shoes of a contractor and make the lender liable for obligations of the contractor. The TBA has indicated a willingness to meet with contractors to see if a remedy for non-payment to subcontractors is possible. TBA is opposed to this bill as currently written. Bankers are encouraged to contact members of the Senate Commerce Committee to oppose this bill. Committee members are Chairman Jack Johnson, Vice Chairman Dewayne Bunch, Secretary Charlotte Burks, Mae Beavers, Tim Burchett, Bill Ketron, Steve Southerland, Eric Stewart, and Reginald Tate.

JOBS BILL FLOATED, THEN SCRAPPED

Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Chuck Grassley (R-Iowa) on Thursday released a draft bipartisan jobs bill that included extensions of several tax provisions of interest to banks, including the research and development credit, the new markets tax credit, the active finance exception under Subpart F, and the CFC look-through rules. But within hours, Senate Majority Leader Harry Reid (D-Nev.) had scrapped the proposal after Democratic senators complained that it was too focused on tax breaks and not enough on job creation.

Reid said he would move a scaled-back bill that would include Build-America bonds for infrastructure; a payroll tax break for employers who hire new workers; an extension of measures allowing small businesses to write off up to \$250,000 worth of certain capital expenses; and a one-year extension of the highway bill. The Senate will consider the bill the week of Feb. 22, Reid said, indicating that other measures in the original Baucus/Grassley bill may be considered at a later date.

TREASURY REVIEWS PROGRESS OF FINANCIAL STABILITY PLAN

On Wednesday, Treasury Secretary Timothy Geithner said the expected cost of stabilizing the financial system has fallen dramatically from a projected \$550 billion a year ago to \$120 billion today. In a one-year review of the Obama administration's Financial Stability Plan, Geithner noted that Treasury has already recovered two-thirds of TARP investments in banks specifically and earned \$17 billion in income from those investments. The report also reviews the amount of private capital raised by stress-tested larger banks and current credit conditions for consumers, small businesses and municipalities.

"The financial system is healing, but still damaged, and we have a lot of repair work still ahead," Geithner said. He noted that credit for small businesses remains tight, foreclosures remain high and bank failures continue to increase, with small banks in particular hurting from losses on commercial real estate loans.

YOUNG BANKERS DAY ON THE HILL SCHEDULED FOR MARCH 24

The TBA Young Bankers Day on the Hill program, sponsored by the Young Bankers Division, is scheduled for Wednesday, March 24, 2010. This annual gathering will provide an opportunity for future leaders from banks across the state to explore the inner workings of the Tennessee legislative process. Bank CEOs are encouraged to recommend future leaders within their banks to attend.

The program includes a variety of speakers highlighting the various participants and the roles they play in the legislative process. Bankers will receive a briefing on legislative issues pertinent to the financial services industry in Tennessee. The program will also address the importance of TBA's government relations program. Additionally, program participants will have a chance to visit with their legislators and view committee meetings and floor sessions of the Senate and House.

The \$35.00 registration fee for this one-day program includes informational materials, with lunch being sponsored by the law firm of Bone McAllester Norton PLLC. Registration will begin at 8:00 a.m. (CST) in Legislative Plaza, and the program will conclude at approximately 4:00 p.m. For those driving in the night before, rooms are being held at the Doubletree Hotel at a rate of \$129 per night. To make reservations, call 1-800-222-8733 and advise reservations personnel that you are with the Tennessee Bankers Association. Space is limited for this program, so please register your young bankers today! For more information, please contact Penny Powlas by e-mail at ppowlas@tnbankers.org or visit the TBA website at www.tnbankers.org.

TBA HOSTING CONFERENCE CALLS DURING LEGISLATIVE SESSION

In an effort to keep TBA members updated on legislative developments during the 2010 legislative session, TBA is hosting bi-weekly conference calls. During these calls, we provide an in-depth discussion of state legislation as well as information on legislative and regulatory issues arising at the federal level. The calls take place every other Friday through the end of session. The next call is scheduled for Friday, February 19. If you are interested in participating in the calls, please contact Amy Smith (asmith@tnbankers.org) at the TBA office for more information.