

California BANKER



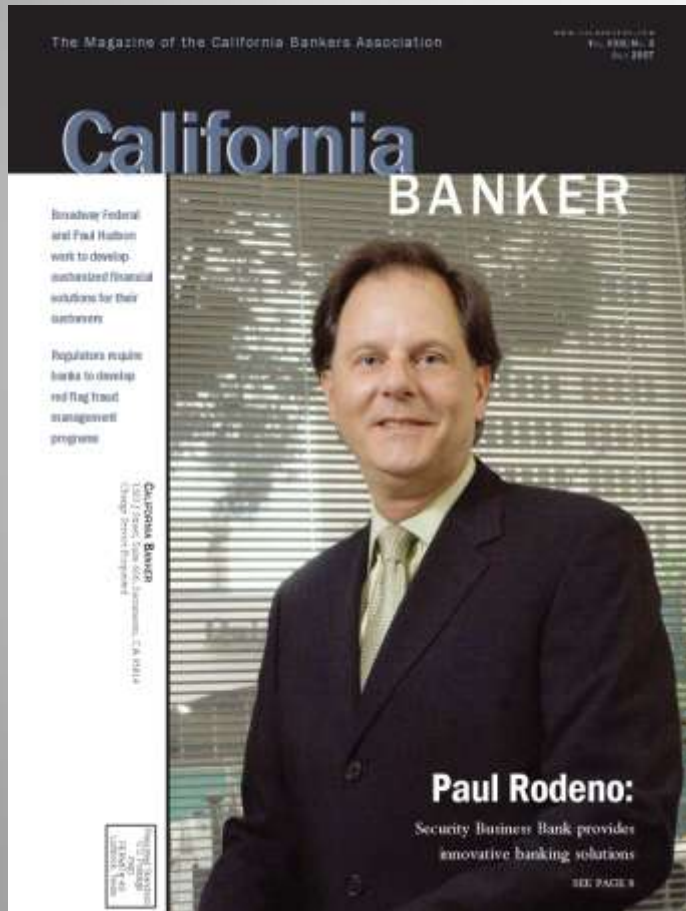
The official publication of the
**California Bankers
Association**

California BANKER



**Serving
the leading
state
banking
association**

California BANKER



**Reaching
top
banking
decision-
makers**

California

Vital Economy / Major Financial Market



- ✓ 5th largest economy in the world
- ✓ Population of 35 million people
- ✓ 274 commercial banks, with more than 4,900 branches; and 29 savings institutions, with some 1,500 branches – 2nd highest total in the U.S., next to Texas
- ✓ 150,000 people employed by California's financial institutions

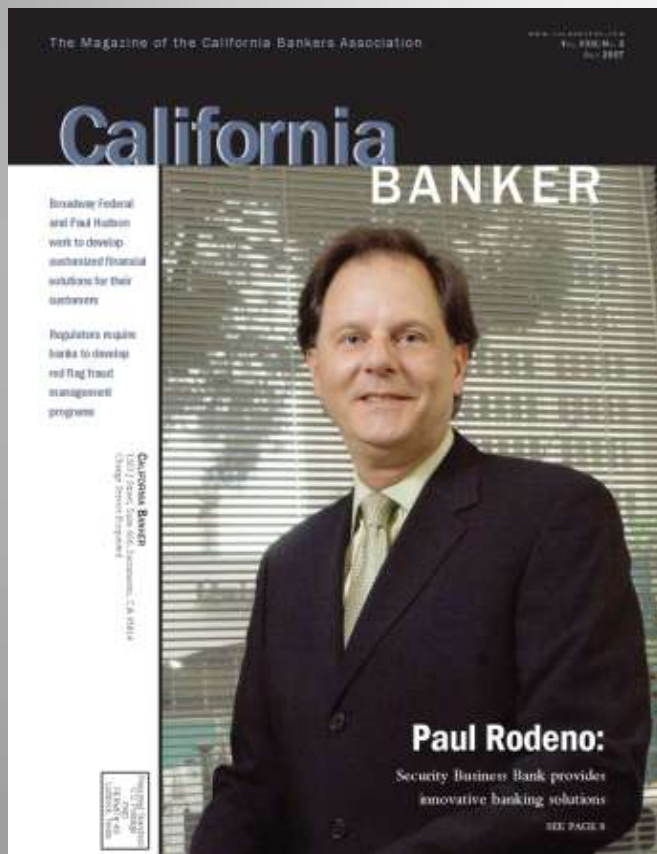
California Bankers Association

The voice of the California financial industry



- ✓ Founded in 1891
- ✓ Represents more than 300 banks, including commercial banks, industrial loan companies, and savings institutions
- ✓ Members represent 85 percent of the state's banks and savings institutions — and 92 percent of its community banks
- ✓ Member banks hold more than \$2.7 trillion in assets and loans in excess of \$1.5 trillion
- ✓ Partners with vendors through its Best-In-Category and Member\$aves programs

California BANKER



- ✓ Mailed to 3,500 bank professionals
- ✓ Published six times a year
- ✓ Bonus distribution at CBA conferences and educational events

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FEDERAL Update

What is old is new again

By Scott Cook,
Vice President,
Public Affairs, California
Business Association

With the calendar quickly approaching, Congress is likely to bring legislation out of its chamber before the summer recess in August. The calendar alone, however, has implications for non-credit institutions due to the calendar's proximity to each legislative session. Some provisions may be government-qualified companies, which, for example, has been before Congress in the past, as has legislation pertaining to real estate banking, regulation and real estate activity, all of which are pending matters to be acted upon. The CRA program, however, has demonstrated the propensity to pass legislation more quickly than in previous years. From Jan. 1 to March 31, 2009, the House held a total of 50 hearings. During the same period this year, there were 521 hearings.

While Congress may be passing bills more rapidly, the House continues to lag in passing legislation of community development at a much slower pace. The House of Representatives is likely to vote on the Housing Choice Tax Credit (HCTC) bill (H.R. 1200) in the coming weeks. The bill is still unclear what CRA's agenda is or when Congress is pending legislation, such as HCTC reform, will be passed.

SEC reform — On May 21, the House passed H.R. 1425, the Federal Reserve Reform Act of 2009. H.R. 1427 creates a new, independent regulator to oversee the SEC of Patrick Meehan, Ranking Member on the Federal Reserve Committee. Despite strong support by some Republicans, the bill remains a CRA-opposed position that requires the SEC to pay 1.25 percent of fees received from the sale of affordable housing bonds.

The amendments to the bill include a provision by Rep. John Dingens (D-Calif.) to require the SEC to grant loans to companies who do not have a Social Security number.

Farm Credit services expansion — The House Committee on Agriculture has introduced a CRA-opposed proposal by the HCTC to expand rural lending. Among other things, the proposal will allow the HCTC to increase business lending, federal loans and incentives to any entity engaging in "agriculture-related" activities. In addition,

the proposal will give the HCTC the ability to make loans to companies with a population size of 10,000 and under, which is an increase over the current 2,500 cap.

With the help of Clark Powell of Strategic Business Bank, and his coordinating efforts with Tom Dunley of Bank of America, and Gary Quastler of Central Valley Community Bank, CRA reached out to members of the subcommittee to ask that they oppose the measure. As a result of the grassroots effort, Rep. Jim Cooper (D-North Carolina) and Dennis Gohmert (D-Texas) were the only two members with a dissenting vote against the expansion proposal. The bill currently is expected to pass the House when it reaches the floor approximately mid this summer.

SEC reform — The House passed H.R. 1425, the Federal Reserve Reform Act of 2009, by a margin of 371-30 on May 21. The CRA-opposed bill will not compare the duties over 15 percent of their income from commercial activities from covering an LLC and will allow for the expansion of LLC by the SEC, which would have jurisdiction of the parent company. A Senate companion bill was introduced on May 15.

Small estate lending — On June 3, the House Committee on Financial Services Subcommittee on Appropriations approved a Small Business Administration budget plan to spend \$100 million, which includes up to \$10 million in lending through the Tail Loan program. The bill also includes language to amend, by one year, the requirement for the Treasury Department's disclosure to identify real estate holdings as "General in nature."

Student lending — There are currently no student lending bills on both the House and Senate, with an additional bill introduced by Dodd to be introduced soon. H.R. 399, the Student Loan Fairness Act, authored by Rep. George Miller (D-Calif.), was passed out of the House on May 5. H.R. 399 requires multiple financing and a prohibited double arrangement with schools to obtain forgiveness of their loan options under Title IV, including information on more detailed loan status. The bill also prohibits a school from receiving federal loans and requires that any marketing agreement between the school and the school be reviewed by the Secretary of Education. ■

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✓ Covering state and federal legislative and regulatory news

✓ Providing the latest association updates and educational opportunities

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Master your disaster: Investing in your disaster recovery plan

By Mike Miller
 About the author
 Mike Miller is
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Think your disaster recovery plan is up to date? Consider the Western California Association of Bankers' (WCAB) recent survey of disaster recovery plans prepared for member banks for one perspective.

The Inmanus business incident

The Inmanus case is one example of a California bank that was unprepared for what should be an obvious possibility: a natural disaster.

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16 California Banker • Disaster Recovery Special Issue

- ✓ Featuring special reports and in-depth articles to help bankers improve their personal knowledge ... and help their financial institutions succeed

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Coverage of 2nd-Largest State Banking Market

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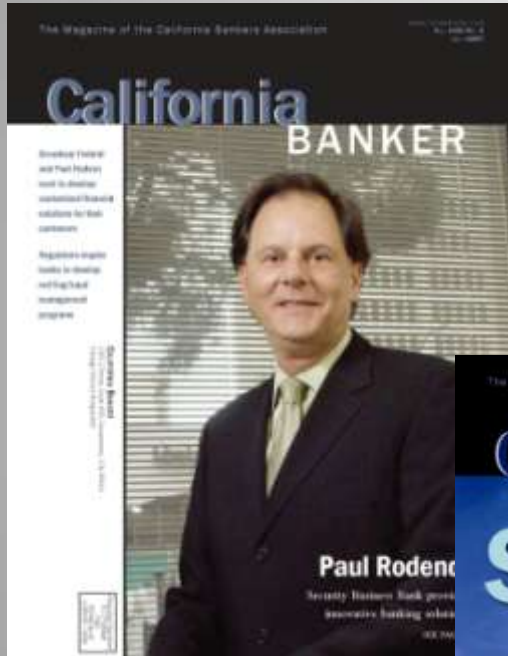
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