

**Telephone Conference Between Federal Reserve Staff and
Representatives of the Independent Bankers Association of Texas (IBAT)
October 29, 2010**

Participants: Paul Mondor (Federal Reserve Board)

Chris Williston, Shannon Philips, and Karen Nealy (IBAT)

Summary: Staff of the Federal Reserve Board met by conference call with representatives of IBAT, which represents community banks and branches in Texas, to discuss implementation of the escrow requirements under Section 1461 the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”). During this discussion, IBAT’s representatives asserted that the exemption criteria in Section 1461 are intended to afford relief from the Federal Reserve Board’s escrow requirement for certain IBAT members and other community banks. The representatives stated that many small community banks extend higher-priced mortgage loans in relatively small volumes, generally in “rural or underserved areas,” and noted that these banks usually retain such loans and do not establish escrow accounts for them. IBAT representatives urged the Federal Reserve Board to expedite implementation of the exemption authorized by Section 1461 of the Dodd-Frank Act because the escrow requirement has been in effect since April of 2010. They conveyed their concern that, with no exemption in place, the requirement is causing some IBAT members to cease making higher-priced mortgage loans in their market areas and that their withdrawal from these markets is leaving some consumers there with limited or no access to mortgage credit.