

**Meeting between Governor Elizabeth A. Duke  
and the Regulation Review Committee of the  
Independent Community Bankers of America (ICBA)  
September 14, 2010**

**Participants:** Governor Elizabeth Duke and Kevin Bertsch (Federal Reserve Board)

Timothy Aiken (Union Bank, Inc.); James Ashworth (The Carlinville National Bank); Chris Cole (ICBA); Gregory Deckard (State Bank Northwest); Terry Frydenlund (1st Bank of Yuma); Jack Goldstein (NBRS Financial); Jack Hartings (The Peoples Bank Co.); Melany Kniffen (Southern Commercial Bank); Robin Loftus (Security Bank, S.B.); William Loving (Pendleton Community Bank); Robert Peck (Gateway Bank & Trust); Erik Skovgard (Lincoln Savings Bank); Donna Tanner (Community Bankers of West Virginia); Karen Thomas (ICBA); Lilly Thomas (ICBA); Mickey Thomas (South Louisiana Bank); and John Thompson (The Bank of New Glarus)

**Summary:** Governor Elizabeth Duke and Federal Reserve staff met with the ICBA's Regulation Review Committee to discuss banking issues of concern and interest to the committee members. As part of this discussion, committee members addressed certain aspects of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), which are summarized below—

- Participants observed that the costs of complying with the requirements of Dodd-Frank Act would be high and could threaten the viability of some small banks. Some noted that the resulting reduction in the number of small banks would have negative implications for local economies and could result in declines in the vibrancy of small towns.
- Participants noted that the costs of complying with Dodd-Frank Act would likely have to be passed on to consumers. Some recommended that the Federal Reserve consider conducting studies to estimate the extent to which increased compliance costs for banks would increase costs to consumers, including accounting for the loss of service when regulations no longer allowed banks to offer products that customers wanted.
- With respect to the requirements in the Dodd-Frank Act for creditors to maintain escrow accounts for some mortgages, some bankers observed that some customers see no benefit to escrowing funds for insurance and taxes, particularly when they need to fund the escrow up-front. One participant noted that the exemption from this requirement for rural institutions should address whether banks with operations in both rural and metropolitan areas should be eligible for the exemption. Another suggested that mortgages should be exempt from the escrow requirement if the lender agrees to hold the mortgage in portfolio.