

**Meeting Between Governor Duke and
Representatives of the Georgia Bankers Association
May 17, 2012**

Participants: Governor Elizabeth A. Duke, Nancy Riley, and Jon Hiratsuka
(Federal Reserve staff)

Georgia Bankers Association: Brad Barber, John Barker III, Kenneth Bibb, Gerald Blanchard, Richard Blanton, John Brannen, Elizabeth Chandler, Ronald Chitty, Charles Curry, Richard Deer, James Edwards Jr., Peter Faser, William Griffin Jr., Charles Haley, Walter Jones, Robert Kryder, Joshua Latina, Howard Lipham III, Donald Luker, Spencer Mullis, Hugh Peterson Jr., Brenda Potter, Henry Proctor Jr., Eric Smith, William Wade, Bradford Watkins, Richard Whaley, Andrew Williams III, James Wilson, and Beth Knickerbocker (American Bankers Association)

Summary: Representatives of the Georgia Bankers Association met with Governor Duke to discuss recent and forthcoming regulations implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act and their impact on community banks. The association also submitted written comments, which are attached.

Dodd-Frank Act Implementation Issues and Legislation

Oversight by Congress of the implementation of the Dodd-Frank Act is essential. Efforts must be made to ensure the flow of proposed new regulations requiring thoughtful comments does not overwhelm an already over-regulated industry. There also needs to be coordination among the agencies proposing new regulations to prevent duplicated and wasteful results. We encourage Congress to monitor and adjust the structure, size, scope and funding of the Consumer Financial Protection Bureau and make adjustments in the derivatives and trading provisions. We also encourage Congress to continue oversight hearings holding the federal banking regulators accountable for their role in Dodd-Frank Act implementation.

- **Joint Agency Proposed Rule – Risk Retention for Mortgages**—Six federal agencies, the Fed, HUD, FDIC, FHFA, OCC and SEC in 2011 issued a proposed rule requiring sponsors of asset-backed securities to retain 5 percent of the credit risk of the underlying assets. The proposal comes from a requirement in the Dodd-Frank Act and includes descriptions of loans that would not be subject to these requirements, including securities collateralized by residential mortgages that are “qualified residential mortgages” (QRMs) under a new, narrow definition determining very high credit quality. In our comment letter to the agencies, we communicated that the proposed 20 percent down payment and limits on a borrower’s debt-to-income ratio could unnecessarily prevent otherwise well underwritten loans from being approved. And, any loans being made by Freddie Mac and Fannie Mae are not subject to the requirements at all as long as those entities are under conservatorship or receivership, which represents more than 90 percent of the current mortgage market. It is possible that this rule is re-proposed in 2012.