

SEPTEMBER 11, 2001

by [Steve Brown](#)

Tomorrow marks the 9th year after the September 11 attacks on the United States. The death toll on that horrible day was 2,977, the overwhelming majority of which were civilians from 70 different countries. More than 3,000 children were left without one or more of their parents. Today and this weekend, we pay tribute to these fallen heroes, their families and those we knew ourselves that were impacted by this tragic event.

We will never forget.

"Time is passing. Yet, for the United States of America, there will be no forgetting September the 11th. We will remember every rescuer who died in honor. We will remember every family that lives in grief. We will remember the fire and ash, the last phone calls, the funerals of the children." - George W. Bush.

BANK NEWS

IPO for BankUnited

After being closed by regulators in May of 2009, recapitalized by Blackstone, Carlyle and WL Ross, BankUnited (\$11.2B, FL) is now ready to go public in an effort to raise more than \$500mm. Last quarter's ROE was over 20% and it is now ranked in the top 10% of all banks in the country in terms of 2010 performance.

Prepayment Oddity

A rare occurrence is happening in the mortgage markets whereby lower coupons (5% and 5.5%) are prepaying faster than higher ones (6% and 6.5%). The reason is a combination of vintage (when the loan was originated) and credit quality (lower coupons have more ability to refi).

Consumer Perceptions

A survey by the ABA asked people what effect various institutions had on society is sobering for bankers. In it, the top ranked institution was small businesses, which 71% of people felt contributed positively to society. That was followed by technology companies (68%), religious organizations (63%), the administration (45%), labor unions (32%) and the entertainment industry (33%). Well down the list, only 22% felt banks contributed positively to society vs. 69% that felt such contribution was negative. Clearly bankers need to continue to ramp up the marketing message.

Confidence Wanes

Discover reports its Small Business Confidence had its largest 1 month decline in June, as 62% of small business owners said the economy is getting worse. In addition, a record 55% of owners said they expect economic conditions to be unfavorable in the next 6 months.

Higher Taxes

In case you missed it, unless Congress intervenes, income tax rates will rise to 39.6% in 2011, up from 35% this year. In addition, capital gains tax rates will rise to 20% in 2011 (from 15%) and will pop another 3.8% on top of that (to 23.8%) in 2013. Meanwhile, Medicare tax is set to rise 3.8% in 2013.

High Pessimism

Analysis by Bloomberg finds that for the first time in at least 13Ys, less than 29% of equity ratings of companies by brokerages worldwide are "buys."

Mortgage Comp

The Fed released guidance on compensation practices. If approved, loan sales will no longer be compensated on traditional practices such as yield above stated rate (a premium unrelated to credit or actual cost) or by both the lending bank and a consumer. In addition, the proposed rule clarifies and prohibits the practice of "steering" borrowers to take less favorable terms, to increase compensation to the loan officer. If approved, the new rules go into effect April 1, 2011.

Productivity

Studies find managers spend an avg. of 4 weeks per year searching for mislabeled/misfiled/lost paperwork.

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