



IDAHO

DEPARTMENT OF FINANCE

C. L. "BUTCH" OTTER
Governor

GAVIN M. GEE
Director

CONTACT: Gavin Gee, Director of Finance
(208) 332-8010
Mary Hughes, Bureau Chief,
Financial Institutions Bureau
(208) 332-8030

NEWS RELEASE

For Immediate Release

July 22, 2008

Department of Finance Announces Fiscal Year End Highlights

Idaho Banks and Credit Unions Are Safe and Sound Idaho Fares Better Than Most Other States on Mortgage Issues

Boise, Idaho Gavin Gee, director of the Idaho Department of Finance, today announced the highlights of the agency's fiscal year 2008 activities. Among the news are indicators that Idaho state-chartered banks and credit unions remain strong, Idaho has weathered the national mortgage problems better than most other parts of the country, and Idaho continues to attract business. Gee said, "The news in Idaho is positive – our state-chartered financial institutions are safe and sound, the number of financial service providers continues to grow and competition among them remains healthy - all signs that Idaho continues to be a great state in which to do business. The Department has set another record number in fiscal year 2008 with more than 158,000 charters, licenses, registrations and other business filings, a 3.9% increase over last year."

Idaho Banks and Credit Unions Remain Strong - Contrary to the increasing number of news stories about large financial institutions experiencing significant losses connected to mortgage defaults, Idaho's banks showed continued strength. Idaho commercial banks and savings institutions continued to outperform the nation during the first quarter 2008 and reported higher levels of capital, higher profitability, and lower nonperforming loans and net charge-offs than institutions nationwide.

Other indicators of the strength of Idaho banks during the past year included the record first quarter amount of assets at Idaho-headquartered banks, \$7.7 billion, and deposits of \$5.7 billion; chartering of a new bank in Boise; and continued branching throughout the state.

Idaho credit unions also continue to experience positive growth in assets, shares (deposits) and loans. Idaho-chartered credit unions reported, at first quarter, over \$1.8 billion in assets, \$1.6 billion in shares, and loans to Idahoans or other members of more than \$1.3 billion.

Idaho Mortgages Hold Steady – Regarding the mortgage turmoil that dominated the national news, Gee said, "Any one instance of a family facing foreclosure remains a tragic personal story. However, the data used by the Department does not reflect a statewide mortgage crisis and, just as important, Idaho's financial service providers remain ready to continue to make good loans."

Data provided by the Mortgage Bankers Association shows that the total percentage of Idaho mortgage delinquencies for the first quarter of 2008, 3.62%, is down from the fourth quarter 2007 number of 3.86%. Also, *if putting 2007 in the historical context of the past 20 years, the annual total Idaho mortgage delinquency number was lower than 10 of the past 20 years.* Both the first quarter and annual numbers are much lower than those reported for the nation. Idaho ranked better than 44 other states in percentage of mortgage loans seriously delinquent (90 days plus) or in foreclosure.

The Department has prepared a brochure to assist homeowners avoid foreclosure; it, along with links to other foreclosure-assistance information, is available on the Department's website under "Foreclosure Prevention Resources".

A major initiative this year was the Department's preparation to be one of the first states to participate in the Nationwide Mortgage Licensing System (NMLS), used to accept and process national, uniform license applications and renewal forms. It is anticipated that the system, which was successfully implemented in Idaho in January, 2008, will reduce industry and department costs for processing licenses, streamline the licensing process, reduce fraud and provide better overall supervision of the mortgage industry for the protection of consumers.

Enforcement Responsibilities Continue to be a Priority – This past year the Department continued to vigorously investigate and take enforcement action against those who commit financial fraud or otherwise harm Idahoans through violation of the laws administered by the Department. The Securities Bureau initiated or completed 11 enforcement actions, resulting in more than \$3.2 million in refunds to investors and \$300,000 in penalties. These actions have alleged violations of the Idaho Uniform Securities Act by individuals and companies within Idaho, in other states, and as far away as the British West Indies. The Consumer Finance Bureau initiated or completed 70 actions in the fiscal year to enforce the Idaho Residential Mortgage Practices Act and the Collection Agency Act. One administrative action against a Texas-based debt settlement company for unlicensed credit counseling activities resulted in \$588,000 in restitution to Idaho consumers; another Consent Order with a California-based mortgage broker stopped the dissemination of confusing and deceptive mortgage loan solicitations.

Commitment to Financial Literacy Increases – The Department devoted increased resources to developing financial literacy, both to enhance the personal financial well-being of Idahoans and to help combat financial fraud. Through the efforts of Department staff members, a record number of presentations were made to high school classes, civic organizations and retirement centers throughout the state. The Department participated in the Idaho State Treasurer's Smart Women, Smart Money Conference, AARP's Senior Scam Jams, and the ninth annual Financial Literacy Month. The Department remained actively involved in the Idaho Financial Literacy Coalition (IFLC), a broad-based partnership of private sector, education and government members organized to enhance the financial literacy of all Idahoans and entered into a new agreement with the Idaho Council on Economic Education to specifically enhance the education of Idaho's children and teachers on financial issues.

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