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NEWS RELEASE

For Immediate Release

July 17, 2014

Department of Finance Announces Record Business Filings

Boise, Idaho . . . Gavin Gee, director of the Idaho Department of Finance, released numbers for fiscal year 2014 that demonstrate continued expansion and robust health of the financial services industry in Idaho.

Gee said the department accepted a record nearly 165,000 business filings, licenses and registrations in fiscal year 2014, an increase of more than 5 percent over 2013. *"These numbers are great news for Idaho. They indicate increased access to financial services in our state and that Idaho's business climate is robust and poised for more expansion,"* Gee said. New filings processed by the department include securities issuer filings, license applications, and financial institution branch applications, and others, under 23 financial service laws. The securities bureau reported a record 113,607 securities filings and professionals licensing to do business in Idaho. The mortgage industry continued its recovery in Idaho with double-digit growth in new loan originator and mortgage broker/lender license applications. Department-licensed companies and professionals reside in every state and 22 foreign countries.

Department Holds Town Hall Meetings to Support Community Banks - For the second year, the Department of Finance conducted community bank town hall meetings. Idaho community bankers provided valuable feedback on their most promising opportunities as well as greatest challenges. They provided insight into plans for new products and services, and the significantly increased regulatory burdens resulting from the federal Dodd-Frank Act. A recent study on the Dodd-Frank Act found that the law has added 398 new federal regulations to date, costing the financial services industry approximately \$21.8 billion and adding 60.7 million hours of increased paperwork burden. These efforts underscore the critical role of community banks in their communities and the local and national economies. For example, nationwide community banks hold only about 14 percent of total bank assets but provide 46 percent of small business loans, 35 percent of commercial real estate loans and 66 percent of farm lending. This focus on small business, commercial real estate and farm lending, coupled with other valuable products and services, creates jobs, strengthens Idaho communities and grows our local, state and national economies.

Department Expands Online Licensing – The Department of Finance continued to promote streamlined licensing and reporting processes for the industries it regulates by utilizing Web-based technologies offered by Access Idaho and the NMLS, a nationwide online licensing system. During the fiscal year, the department expanded online licensing and registration capabilities for businesses that were not previously able to manage their licenses and registrations online. This led to an increase of over 35,000 individuals and business locations that opted to utilize these streamlined online technologies. At the end of the fiscal year, nearly 90 percent of the department's licensees and registrants utilized online licensing systems.

Department Receives Certificate of Mortgage Accreditation - The Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) announced in December of 2013 that the Idaho Department of Finance had earned a certificate of accreditation for mortgage supervision. This certifies that the department maintains the highest national standards and practices in mortgage regulation.

Idaho Banks and Credit Unions Continue Improvement - Idaho-based banks showed stable to improving performance and financial condition. For the first three quarters of fiscal year 2014, the average aggregate

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Return on assets remained steady at 0.65 percent. Net interest margin improved from 3.69 percent to 3.75 percent. The ratio of noncurrent loans to total loans decreased from 2.51 percent to 1.61 percent, and charged-off loans decreased from 0.33 percent to a negative or “recovery” position of 0.05 percent. The average core capital ratio for Idaho-based banks is 11.65 percent, and remains stronger than the national average of 9.54 percent. Loan growth turned positive compared to a negative growth one year ago. Fourteen of 15 Idaho based banks were profitable and considered well-capitalized as of March 31, 2014.

Idaho-based credit unions also showed stable to improving performance and financial condition. Total net worth ratio improved from 9.87 percent to 10.02 percent. Credit quality improved, as shown by a decrease in the aggregate delinquent loans ratio from 0.57 percent to 0.48 percent, whereas nationally it is 0.81 percent. The net charge-off ratio increased slightly from 0.26 percent to 0.29 percent. Credit unions in Idaho outperformed national averages in other measures as well. Total loans outstanding increased 12.63 percent in Idaho, compared to 4.60 percent nationally; share growth was 17.06 percent, compared to 14.50 percent nationally, and net charge-offs to average loans were 0.29 percent, compared to 0.50 nationally.

Idaho had one bank failure during fiscal year 2014. Syringa Bank, based in Boise, was closed on January 31, 2014. It was the first Idaho state-chartered bank to close since 1986. There were no credit union failures in Idaho during the fiscal year. Nationally, there were 17 bank failures and eight credit union failures, whereas last year there were 36 and 17 respectively.

During the fiscal year, one Idaho bank merged into an out-of-state institution. On May 16, 2014, Home Federal Bank merged into Bank of the Cascades, based in Bend, Oregon. Seven Idaho credit unions merged during fiscal year 2014, decreasing the total number of credit unions headquartered in Idaho to 41.

Financial Fraud Cases Down; Financial Restitution Up – Active financial fraud investigations conducted by the Department of Finance during the fiscal year involved potential investor losses of nearly \$25 million. The department initiated or completed 18 enforcement actions (down from 55 enforcement actions last fiscal year), resulting in Idaho residents being offered or awarded court judgments of nearly \$5.6 million in refunds (up from \$2.5 million last fiscal year). In December 2013, the department joined in a \$2.1 billion multi-state and federal settlement with Ocwen Financial Corporation and Ocwen Loan Servicing, LLC (Ocwen). The settlement requires Ocwen to provide Idaho borrowers with an estimated \$3.7 million in first lien mortgage principal reductions, and an estimated \$900,000 in cash payments to borrowers whose homes were foreclosed upon, for a total of \$4.6 million. As a result of the historic **2012 National Mortgage Settlement** with the nation’s five largest mortgage servicers, 2,980 Idaho homeowners received over \$177 million in gross relief, or an average of \$59,562 per borrower.

Financial Education Efforts by Department and Its Partners – Consumer and investor education initiatives have long been part of the Department of Finance’s mission. Recently, Idaho was ranked the ninth most financially literate state in the United States and one of only 19 states to require a personal finance class in high school. This past year’s highlights include:

- Joined other state financial regulators, consumer groups and industry members, in “**America Saves Week**” in February and the **16th Annual Financial Literacy Month** in April. During Financial Literacy Month, the department offered consumer and investor tips on how to avoid social networking scams, unlicensed tax debt settlement companies, credit card fraud and explained the risks related to virtual currencies.
- Partnered in “**Bank On Treasure Valley**” with banks, credit unions and the United Way of Treasure Valley to offer free financial education courses for unbanked and underbanked Idahoans to obtain low or no-cost starter checking and savings accounts.

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- Co-sponsored **Senior Scam Jams** in Lewiston and Rupert, with Hailey and Weiser scheduled this fall.
- Provided resources and personnel to sponsor the **Smart Women Smart Money: Idaho Everywoman's Financial Conference** in Boise with Moscow scheduled this fall.
- Continued participation in the **Idaho Financial Literacy Coalition**, a broad-based partnership of private sector, education and government members organized to enhance financial literacy.
- Member of the **Military Financial Alliance**, working to enhance long term financial management for military service members.
- Partnered with the **Idaho Commission of Libraries** for financial fairs and presentations to be held in the fall of 2014 and the spring of 2015 on a wide range of financial topics.

The Department of Finance receives no state or federal tax dollars. Regulated entities fund its operations. Department Press Releases and other information can be found on the Internet at <http://www.finance.idaho.gov/PR/PressRelease.aspx> or by contacting the department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.

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