



NEWS RELEASE

For Immediate Release

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Department of Finance Releases Fiscal Year Highlights

Financial Services Industry in Idaho Remains Robust with Record Number of Business Filings!

Boise, Idaho . . . Gavin Gee, Director of the Idaho Department of Finance, today released numbers showing continued growth in the financial services industry in Idaho during the recently completed fiscal year ending June 30, 2007. The Department reported a record of more than 152,000 business filings, licenses and registrations.

"Interest in offering Idahoans access to quality financial services and products remains robust with Idaho clearly remaining an attractive market for financial service providers," Gee said. "Such interest is but one example of Idaho's strong economic condition and continued growth prospects."

Some highlights from the recently completed fiscal year:

Business Filings With The Department Continue To Grow – Total business filings increased to a record of 152,759, up nearly 14 percent from last fiscal year. New filings processed by the Department include submissions such as securities issuer filings, license applications, financial institution branch office applications and others under 22 financial service laws administered by the Department.

Mortgage Lending Issues On Front Burner – This past year saw significant national developments in the U.S. mortgage markets. The subprime mortgage market saw the collapse of many subprime lenders, increased foreclosures and serious regulatory scrutiny. However, Idaho has fared better than many states in weathering this national storm and the Department has undertaken several initiatives to provide guidance to lenders and consumers:

1. **Idaho Home Foreclosures** – Foreclosure filings in Idaho remain a concern, but a review of data from some sources suggest that Idaho's filing rate remains well below national averages. According to one industry source, Idaho foreclosure filings are more than 40 percent below the national average when considering the number of foreclosure filings per household during the first half of 2007.
2. **Idaho is Prime in Subprime Ratings** – To date, Idaho has weathered the subprime challenges better than many states, ranking among the five states with the lowest seriously delinquent loans for subprime ARM, FHA and prime ARM loans according to one study. Idaho also has the 7th highest home ownership rate in the country and the highest rate among the western states, according to the U.S. Census Bureau.
3. **Idaho at Forefront of Nationwide Mortgage Licensing Project** - The Department is a lead state in a multi-state effort to create and maintain a nationwide licensing system for mortgage brokers, lenders and mortgage loan originators. This system should reduce industry costs, while streamlining and updating the licensing process. Once implemented, this new system will allow regulators better access to information

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in order to screen for applicants with a history of unscrupulous business practices, share information in a more timely manner and reduce mortgage fraud.

4. *Mortgage Loan Originator Licensing* – With industry support, the Department began to license individual mortgage loan originators during 2006, creating a system to identify unsavory applicants while providing a mechanism to deliver and track training for industry professionals. The number of licensed originators has increased more than 20 percent from 2006, to more than 4,700 licensed mortgage loan originators at fiscal year-end.
5. *Mortgage Related Enforcement Actions* – During fiscal year 2007, the Department received 143 mortgage-related complaints and the Department initiated 112 enforcement actions (up from 46 actions in FY 2006) against licensed mortgage brokers/lenders and loan originators, as well as against entities that should have been licensed but were not.
6. *Department Guidance to Industry & Consumers* – This past year, the Department provided regulatory guidance to the mortgage industry covering subprime mortgage underwriting standards, management practices and consumer protection provisions, and the marketing of non-traditional mortgages by state-licensed entities. The Department also encouraged industry participants to work with customers facing “resets” of their loans to avoid foreclosures where possible, while warning consumers to better educate themselves about the terms of their loans, and to do some advance planning if their mortgage payments are likely to change. More information on the guidance and other mortgage material, can be found at <http://finance.idaho.gov/MortgageLendingInformation.aspx>.

Idaho Banking /Credit Union Industries Continues Multi-Year Roll – The number of total offices of Idaho state chartered banks and credit unions grew to 211, almost 9 percent over last year while total assets have grown to over \$6.7 billion, representing a 19.6 percent increase for the twelve months ending March 31, 2007. Moreover, access to financial services continues to expand in smaller communities with new start-up banks in Driggs and Post Falls, expanded banking services in Carey and Mackay and new financial institution branches in Dalton Gardens, Middleton, Rigby and Riggins.

Enforcement Results Demonstrate Ongoing Risk of Financial Fraud – Financial fraud investigations conducted by the Department during fiscal year 2007 involved an aggregate potential financial impact estimated at nearly \$30 million with over \$2.9 million in refunds being awarded to businesses and individuals in judgments by the Courts or in administrative actions. The Department assisted in two criminal prosecutions and initiated or completed more than 140 enforcement actions during the fiscal year. More information on the Department’s enforcement activities can be found at <http://finance.idaho.gov/enforcementFinancialEducation.aspx>.

Education Seen As Key To Avoiding Fraud - The Department continued to devote resources to educating Idahoans to avoid financial fraud and enhance overall financial literacy. During the year the Department sponsored, spoke or provided resources to approximately 4,000 Idahoans at 53 financial educational events across the state and continues to be an active participant in the Idaho Financial Literacy Coalition, a broad-based partnership of private sector, education and government members organized to enhance the financial literacy of all Idahoans.

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Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at <http://finance.idaho.gov> and may be obtained by contacting the Department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.