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## **NEWS RELEASE**

**For Immediate Release**

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### **Idaho Banks and Credit Unions are Safe and Sound; Ready to Extend Credit**

#### **Idaho Fares Better Than Most Other States on Mortgage Issues**

##### **Department Reacts to Treasury Reform Plan**

(Boise) - Gavin Gee, Director of the Idaho Department of Finance, said today that Idaho's financial institutions are a beacon of good news, in stark contrast to the nation's mortgage crisis.

The Department oversees all state-licensed financial service providers in Idaho except insurance companies. It regulates state-chartered banks and credit unions, mortgage brokers and lenders, consumer lenders, securities issuers, stockbrokers, collection agencies, and others. Gee said Idahoans can rest assured that their money in Idaho's banks and credit unions is safe and secure, and that credit remains available.

"It is understandable that with news of the near failure of Bear Stearns, mortgage turmoil, and the FDIC hiring additional staff, the public may become concerned about the safety of Idaho's banks and credit unions. They need to know that Idaho's banks and credit unions are safe places to keep their money," Gee stated.

Contrary to the increasing number of news stories about large money center financial institutions experiencing significant losses connected to mortgage defaults, Idaho's banks showed continued strength, with key performance indicators outpacing nationwide numbers. For example, in 2007, Idaho banks out-performed banks nationwide in loan and asset growth rates, and reported significantly smaller percentages for non-current loans and net charge-offs. All Idaho state-chartered banks are well capitalized with adequate loan loss reserves.

Idaho's banks and credit unions are examined regularly by the Department to evaluate whether they are operating in a safe and sound manner. All aspects of the institutions are reviewed, for example: capital, asset quality, management, earnings, liquidity, information technology, and compliance with state and federal laws, among other areas. Nearly every bank examination is conducted jointly with the FDIC; the Department is fortunate to have senior bank examiners on its staff who have over 25 years experience.

Mortgage delinquencies for Idaho remain in the range of the prior 20 years. In fact, the annual delinquency figure was lower than that for 10 of the past 20 years. Moreover, Idaho's total annual mortgage delinquency number is 3.86 percent of total mortgages, compared with the nationwide number of 6.31 percent. Similarly, the percentage of all Idaho mortgage loans reported as foreclosure-started for 2007, at 1.47 percent, was within the range of the past 20 years, and was nearly half the 2.84 percent reported nationwide.

“Of course, any one instance of a family facing foreclosure remains a tragic personal story. But we don't see evidence supporting claims of dramatic spikes in foreclosures in Idaho. We attribute our relatively good mortgage fortune to the great job Idaho's financial institutions do in managing their mortgage portfolios.”

“A primary concern that we have about the U.S. Treasury Department's 'Blueprint for Financial Regulatory Reform' is the potential harm to state-chartered financial institutions, including community banks, thrifts and credit unions,” Gee said. “The plan, which was developed to promote economic growth and stability in the United States, would essentially concentrate all financial institution regulation at the federal level, eliminating state regulation of financial institutions. Consumers would suffer because of far fewer financial institution choices, less competition, little or no state consumer protection and reduced financial product and regulatory innovation.”

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