

MEETING OF THE BOARD OF FINANCIAL INSTITUTIONS

March 13, 2012

11:30 a.m.

Minutes

BOARD MEMBERS PRESENT:

Dennis Hymas, Bill Tingey, Rick Beard, Kip Cashmore, Louise Kelly, and Commissioner Ed Leary.

DEPARTMENT OF FINANCIAL INSTITUTIONS STAFF PRESENT:

Michael Jones, Paul Allred, and Sonja Long

1. Call Meeting to Order – Commissioner Ed Leary

2. Minutes -

Dennis Hymas made the motion to accept the minutes. Rick Beard seconded the motion, it was unanimous.

Before moving on with the agenda, Commissioner Leary presented Dennis Hymas with a plaque for his service on our Board of Credit Union Advisors. He served from October 15, 2008 to September 14, 2011.

3. Budget - Michael Jones

Michael gave his handout. Last Thursday the budget numbers all came together. He has updated the numbers for FY2013. What you see there is what the Legislature has reviewed and approved. He is now in the process of reviewing what he submitted as to how things will come out. He went through the handout.

Michael explained that the Legislature was kind enough to approve the two additional examiners that we asked for and one office support person. We are going to start that process pretty soon so that the examiners are ready to come on board as close to the 1st of July as possible. Commissioner Leary explained that we have also had two retirements recently so we will be looking for four examiners in all. It was asked where we find our applicants. Commissioner Leary explained that we do an application process between the state's website and announcements. We get upwards of 140 applicants. We do a written test and then a cutting score from that written test determines how many come in a do an oral examination before a panel and then we select from that group. Rick Beard asked what the turnover has been like recently; Commissioner Leary said on average 3 a year, it is an ongoing issue. There was a discussion of qualifications, etc, and what could be done in the education area to better prepare people to enter the banking arena in Utah.

4. Out of state travel – Michael Jones

Michael gave out his handout. The new items are bolded. He went through those items. There was a discussion of the examination of Money Transmitters.

6. Other business –

Commissioner Leary asked that he be able to jump out of order on the agenda but he would like Paul Allred to do a summation of the Legislative session. In the last minutes we mentioned two things that we were looking at in the session; the possibility of a fee reduction – Commissioner Leary received good counsel that we not approach that at this time. The other one was the derivatives bill that Michael referred to. We needed to change our law to come into compliance with Dodd-Frank. Dodd-Frank said that national banks can engage in derivatives transactions, state banks can do it if their law addresses it in their lending limit provision. We had a deadline of January 2013 to have it in our law. We got Senator Bramble to sponsor the bill. It came out really early in the session. It has been passed by both houses and is awaiting the Governor's signature.

There were other bills that we were watching. There were four payday lending bills, two never got off the ground; one was a bill that Representative Daw resurrected from last session, he wanted to put a database in place where all of the loans made in Utah would be tracked. The department went on record with Representative Daw that we didn't want to have a database. We had concerns about implementing a database. There was another bill run by Representative Dunnigan at the request of the industry to help the legislature learn a little bit more about their industry.

We watched some other bills, one bill that could be of importance to those depositories that engage in real estate lending on the consumer side is HB 164, Representative Christensen's bill. This bill amends the foreclosure law, he has added a new notice provision to identify a single point of contact for the lender on those properties that are getting ready to foreclose.

Paul discussed a few other bills that we watched.

5. Current topics – Commissioner Leary

Commissioner Leary has a laundry list that he wants to let the board know about. First all, he gave a copy from the International Financing Review it's called the Reuter's article. The writer came to Salt Lake and talked sites, people, and institutions. The focus was 'what is Goldman doing in Salt Lake City Utah'. The article describes why Goldman is here, what they are finding, they are liking it enough that originally they had 300 employees and have gone to currently 1,300 employees and will add about 300 more by the end of the year. They are located in the new 222 South Main building. The good news is that word is getting out that Utah is a financial services center and for Goldman in particular Salt Lake will become their fourth largest site. Bank of Utah had an economic breakfast where the Lt Governor spoke, he referenced this article quite a bit in his presentation.

The second one is the Department of Justice final public affairs on a filing of the \$25 billion mortgage servicing settlement between the five large banks and 49 attorney's general, DOJ, and a bunch of federal agencies. As part of that settlement, the banks asked that the folks who regulate the banking side or the mortgage side also asked to sign a release. We reviewed the document and signed a release on it. For the state of Utah, the number given in this final one was about \$22 million will come here with another \$30 million in ways that the affected parties could either file directly for a claim on how they were foreclosed upon or they could get some relief.

Closer to home, we put on our website after Paul let Commissioner Leary know that we had a internet payday lender who was asking for money up front, they are not registered with us. We have tried to clarify that in our press release.

Transportation Alliance Bank has had some issues with a new computer system, they are an industrial bank in Ogden who specializes in providing services to long haul truckers and commercial trucking fleets. They had two computer conversions in one weekend and both went awry and for about a week and a half we had truckers calling here because they couldn't gain access to their funds. Plus it crashed TAB's phone system.

Rick Beard asked about the CFPB and how the interaction with them has been. Commissioner Leary said that the interaction thus far has been very, very good. We know a lot of the senior management. They have reached out the states quite aggressively. We have information sharing. As a result of us having large institutions they used us as a test case with UBS Bank. It was a joint exam and we have learned some lessons, but it went pretty well. Going forward CFPB will be the primary regulator on the large banks and FDIC will take a smaller role. Community banks will probably not feel the effect of them directly other than the 18 federal rules that they have to right. Commissioner Leary said that he had heard that they will be focusing on the large chains of payday lenders. Kip Cashmore said that top 12 – 18. Kip said that they met with them last week, everything is customer complaint driven. As an industry, he said they want to make sure that CFPB gets the positive things as well.

6. Next meeting – June 12, 2012.