April 2011 • Vol. 2 • No. 3

The Quarter

Newsletter of the Pennsylvania Department of Banking

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DEPARTMENT OF BANKING

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Looking Forward
By Glenn E. Moyer, Secretary of Banking
In his first column in "The Quarter," Glenn Moyer discusses how his background as a community banker and volunteer has prepared him for public service, his perspectives on changes in financial regulation and how he views the Department of Banking's role in the economic recovery. **Learn more**



Behind the Scenes Bolstering Economic Recovery
In an environment of stressed borrowing and lending, the Pennsylvania Office of Economic Development works on a personal level with lenders, economic development agencies and businesses to help create financial partnerships to foster economic activity for Pennsylvania. **Learn more**



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Department Welcomes Banks to State Charter

Since December 2010, the Department of Banking successfully converted several federally chartered depository institutions to Pennsylvania state charters:

Cresson Community Bank, Cambria County, converted from a federally chartered mutual savings association to a state-chartered mutual savings bank in January.

Peoples Neighborhood Bank, Susquehanna County, converted from a national banking association to a state-chartered bank in December.

Team Capital Bank, Northampton County, converted from a federally chartered savings association to a state-chartered savings bank in December.

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Looking Forward

by **Glenn E. Moyer**
Secretary of Banking

When Governor Tom Corbett submitted my name to be the next Secretary of Banking, I was humbled as well as excited at the prospect of serving the people of Pennsylvania after an active and rewarding career in "community focused" commercial banking.

I had the good fortune to serve as president and CEO of both The Elverson National Bank and National Penn Bancshares, Inc., both based in the southeastern portion of Pennsylvania, and most recently as advisor to my successor prior to retiring from National Penn. Previously, I served nearly two decades with a state-chartered commercial bank, American/Meridian Bancorp, based in Reading, Berks County. However, my introduction to financial services actually came as a volunteer member on the credit committee of a credit union for armed services personnel while serving as an Air Force officer stationed at Cannon Air Force Base in New Mexico.

As a proud native of Pennsylvania, born in Montgomery County, I graduated from Penn State where I earned a bachelor's degree in secondary education. To further expand the diversity of my post graduate education, I earned master's degrees in education from Eastern New Mexico University and business administration from St. Joseph's University in Philadelphia.

Personal experiences, as well as observation of many high quality bankers and company leaders, have taught me many lessons. Perhaps the most important quality I have learned in 30+ years in the business community is the importance of listening to our customers and trying to understand the challenges they face and solutions they seek. As Secretary of Banking, I intend to proactively seek input from members of the financial community. Sharing points of view is critical to our ability to work together for a healthy and growing Pennsylvania economy!

In the past few months, many people in the financial services industry and the General Assembly have told me that our Department of Banking staff is knowledgeable and operates a well-respected organization dedicated to the principles of safety and soundness and consumer protection. I commend all those involved for their part in achieving this recognition. But we cannot be content to rest on the department's laurels. Our country seems to be in a slow recovery from an unprecedented, protracted economic recession that continues to challenge traditional financial services business models.

The Department of Banking similarly must be challenged to take a fresh look at how we can be most effective in this era of limited resources. Hard choices will need to be made as we separate what we "must do" well each day from what would be "nice to do" in more normal times. My role will be to bring my experience in the private sector into our regulatory and licensing processes, where I can share the perspective of an "end user." Hopefully, that balance will allow us to consider both what we do and how we do it.

In this time of significant regulatory transition following the passage last year of the Dodd-Frank bill, it will be important for state financial regulators to have a "seat at the table" *(continued >)*

in Washington, D.C., so that the important balance that the states play in our nation's regulatory systems can be maintained. We will seek out those opportunities.

We at the Department of Banking will be committed to the highest possible standards, and our goal will be to meet those standards in ways that are clear, firm and candid. Based on this department's record of intelligent and fair regulation, hard work and understanding of Pennsylvania's marketplace, we want the Department of Banking to be viewed as the "charter or license of choice" – an important strategic consideration for any financial institution's or professional's business plan.

An effective and well-respected Department of Banking, combined with financial services providers that are strong, focused and forward-looking, is a powerful partnership. Together, we can look forward to being a key part of Governor Corbett's plans to help our private sector "job-creators" succeed while creating sustainable growth and prosperity for Pennsylvanians.

Nationwide Mortgage Licensing System



Bank and Credit Union Mortgage Originators Must Register with NMLS

The Department of Banking reminds employees of all Pennsylvania bank and credit union mortgage departments that they have until this summer to become registered with a nationwide database.

According to the federal SAFE Act residential mortgage originators at banks and credit unions are required to register with the Nationwide Mortgage Licensing System (NMLS) by July 29, 2011. The federal law applies to employees of depository institutions, including national and state banks, savings and loans and credit unions.

With licensing and registration, all mortgage originators will have a unique ID number, which will remain with them regardless of changes in employment. Mortgage originators can register with NMLS at: **http://mortgage.nationwidelicensingsystem.org/fedreg/Pages/GettingStartedRMLO.aspx**

MARCH 31

Annual Reports Were Due March 31!

Did you know? Late reports can incur a $100 per day fine.

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Financial Education Update

5th Annual
Common Wealth Symposium
Improving Financial Education in Pennsylvania's Communities and Workplaces

The 5th Annual Common Wealth Symposium for workplace and community professionals will be hosted May 17-18, 2011, at the Holiday Inn Harrisburg/Hershey, Grantville, PA.

The Common Wealth Symposium is designed to meet the needs of business owners and human resource professionals; members of business associations and chambers of commerce; financial educators from community and faith-based organizations; and social workers, case managers and family service providers.

Attendees will learn about:

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- The National Strategy for Financial Literacy
- The Pennsylvania Framework for Financial Flight
- The retirement crisis and tools for saving
- Using social media and video games to promote financial education
- Best financial education practices directly from experienced educators in Pennsylvania

You can **register online**. For additional information, please contact Holly Chase @ 717-783-2498 or via email: **hollychase@state.pa.us**.

Nationwide Mortgage Licensing System

Mortgage Licensees to File New Call Report with Nationwide Mortgage Licensing System

The Department of Banking reminds mortgage licensees that the new NMLS Mortgage Call Report will be made available May 2 and is **due June 16**. The NMLS Mortgage Call Report is a quarterly report of mortgage activity and company information. All state-licensed mortgage companies and all state-registered companies that employ licensed mortgage loan originators must complete the NMLS Mortgage Call Report.

Demonstration call reports are currently available on the NMLS **website**.

Mortgage licensees in Pennsylvania should look for official notification about the NMLS Call Report from the Department of Banking via email.

Tip: Licensees should check their MU1 data regarding "other business." If you check off that you are approved by Fannie Mae, Ginnie Mae, or Freddie Mac you will need to fill out the longer, more detailed call report. So, you need to be certain that those boxes are correctly checked or unchecked so you get the correct call report.

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Department of Banking Works behind the Scenes Bolstering Economic Recovery

In an environment of stressed borrowing and lending, the Pennsylvania Office of Economic Development works on a personal level with lenders, economic development agencies and businesses to help create financial partnerships to foster economic activity for Pennsylvania.



"We know banking, state and federal loan programs, and economic development," says OED director Kevin Pyle. "We help fit all the financial pieces together to get a project done or a company financed."

Pyle and his staff, Donna Riling and Dick Moriarty, are experienced financial professionals who are well versed in government programs designed to help businesses, which are run by the federal Small Business Administration and Department of Agriculture as well as the Pennsylvania Department of Community and Economic Development. Some examples of their work in the past six months include:



- A private-label apparel manufacturer that employs more than 200 workers received assistance from OED in making the transition to a new commercial lender.
- Two Pennsylvania lenders, DCED and a regional economic development agency received OED assistance in providing collateral protection of a workout loan.
- A Pennsylvania lender received assistance from OED in finding a participant for a $17.5 million multi-family retirement community.



- A PA lumber company received assistance from OED in obtaining working capital in order to keep workers employed during a business downturn.
- A PA lender and farmer received assistance from OED to find the right state financing program for a $500,000 loan to purchase robotic milking equipment to allow for the expansion of the farmer's herd from 60 to 120.
- A PA lender and private consultant received assistance from OED in working with the U.S. Department of Agriculture to save an assisted living facility in a rural community.



Though Office of Economic Development expertise is well known in financial circles, the confidentiality of their work is paramount. "Companies do not want their suppliers and customers knowing that they are having difficulty refinancing or finding lenders," say Pyle.

Pyle also notes that OED cannot take full credit for success stories. "We have no loan funds or loan authority," he says. "We are the people behind the scenes who add value to deals through our experience and expertise."

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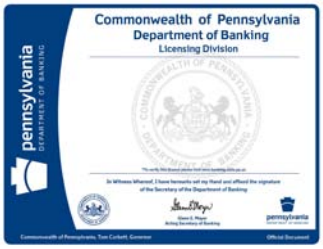
Banking Department Announces 1st Quarter Enforcement Actions

The Department of Banking's Bureau of Compliance, Investigation and Licensing took 150 enforcement actions during the first quarter of 2011. Within these actions, the department:

- Issued 34 orders against companies engaged in unlicensed mortgage loan activity, resulting in cumulative fines of $502,150.
- Issued 36 orders against companies for other violations, resulting in cumulative fines of $407,050. Six of these orders were against companies engaged in unlicensed loan modifications and eight companies were engaged in other unlicensed mortgage loan activities.
- Suspended 81 mortgage originator licenses.
- Revoked one mortgage broker license.
- Prohibited six individuals from engaging in the mortgage business in Pennsylvania.

A comprehensive list of enforcement actions taken against nondepository institutions and individuals by the Department of Banking is available online at **www.banking.state.pa.us**.

Who Needs to be Licensed?



Department of Banking compliance staff members are addressing several questions from licensees unfamiliar with the Mortgage Licensing Act [7 Pa.C.S. § 6119(a)]:

Are you advertising, causing to be advertised, soliciting, negotiating, arranging or offering to make a mortgage loan? You are engaged in the mortgage loan business.

Is your company engaged in the mortgage loan business from any location within Pennsylvania? You must be licensed by the PA Department of Banking.

Is your company engaged in the mortgage loan business involving real estate located in Pennsylvania? You must be licensed by the PA Department of Banking regardless of the location of the transaction.

Are you originating mortgage loans from any location within the borders of Pennsylvania or from any other location involving real estate located in Pennsylvania? You must be licensed as a mortgage originator by the PA Department of Banking.

Is your company funding a mortgage loan involving real estate in Pennsylvania that was originated by an employee of a mortgage broker? You must verify that the mortgage broker company and the mortgage loan originator are licensed by the PA Department of Banking.

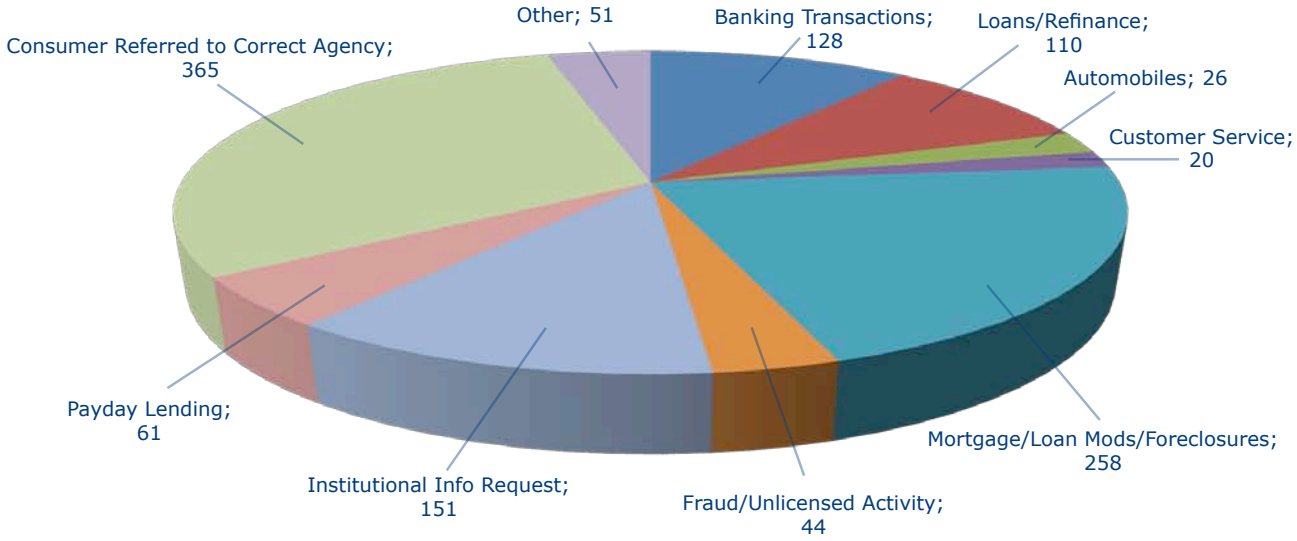
If you have questions about these compliance policies, please call our Licensing Division (717) 787-3717 or visit the Mortgage Licensees section of the Department of Banking website: **www.banking.state.pa.us**.

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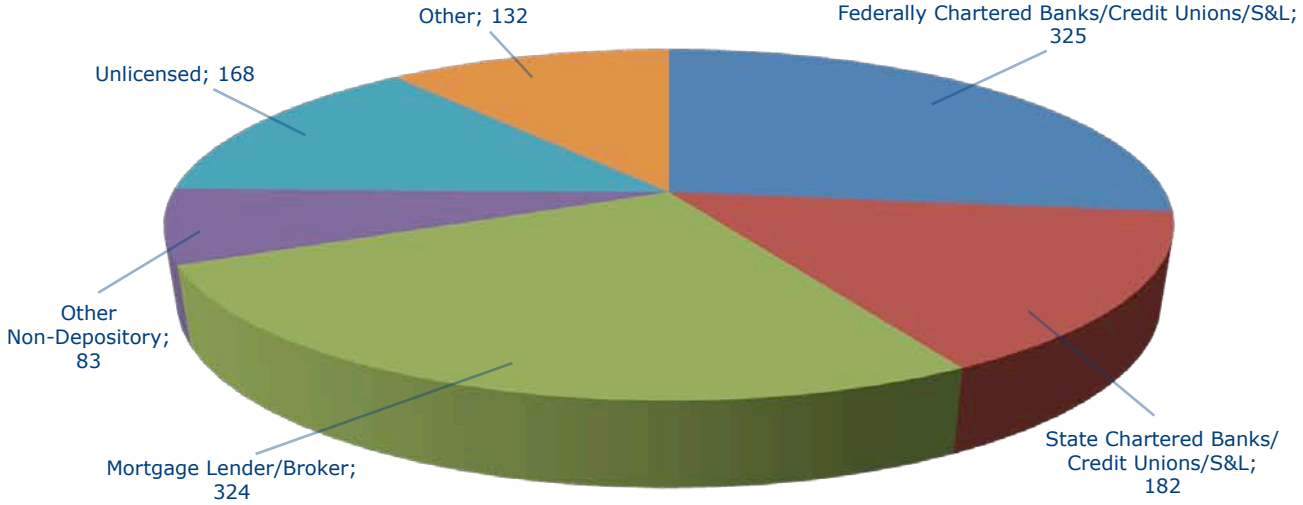
RESEARCH QUARTER

Received by Department of Banking

Consumer Inquiries/Complaints
First Quarter 2011



Consumer Inquiries/Complaints
First Quarter 2011: Type of Institution



These data are for descriptive purposes only and represent a consolidation of more than 90 statistical categories.