

# **2015 Report of the Division of Banking**

## **Banking Division Mortgage Servicing Settlement Fund Expenditures**

House File 2465, 2012 General Assembly, created the Banking Division Mortgage Services Settlement Fund ("Settlement Fund") for the receipt of moneys received by the Banking Division ("Division") from the joint state-federal mortgage servicing settlement. The legislature appropriated moneys deposited into the Settlement Fund to the Division to be used as provided in a financial plan developed by the Superintendent of Banking and approved by the Department of Management to support state financial regulation, including oversight of mortgage lending and mortgage servicing, real estate and real estate appraisal, state-chartered banks, and other financial services regulated by the Division. The legislature also authorized use of the money to support financial literacy efforts. See H.F. 2465, § 7(2). House File 2465 further requires the Division to submit annual reports to the General Assembly detailing the expenditure of moneys related to the implementation, monitoring, or enforcement of the settlement and how the expenditures in the current and succeeding calendar year will be used for the implementation, monitoring, or enforcement of the settlement. H.F. 2465, § 7(4)(b). It is my pleasure to submit the following report regarding the Division's expenditures of the Banking Division Mortgage Servicing Settlement Fund to the General Assembly.

The joint state-federal mortgage servicing settlement included multiple facets. With respect to the funds received by the state banking regulators, including the Division, the settlement directed the funds to be used to support and improve state financial regulation and supervision. The Division's expenditures of the Settlement Fund money during calendar year 2015 implemented this directive to support and improve state financial regulation as follows:

The Division spent \$148,376.77 for equipment and technology upgrades for examiners. Improvements in technology and new equipment are necessary to support effective examinations.

The Division spent \$145,719.02 on expenses related to staff transition due to turnover, including interns, contract labor, termination costs, and recruitment costs.

The Division spent approximately \$69,059.76 on staff training costs. The fund helped examiners keep abreast of changes in state and federal laws and regulations and helped the Division improve financial regulation.

The Division spent \$169,984.80 to fund purchasing of new vehicles and depreciation accountings of existing ones. New vehicles will be more fuel efficient and provide safer transportation for examiners.