

State of Georgia
Department of
Banking & Finance

2011 Annual Report

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State of Georgia
Department of Banking and Finance



ANNUAL REPORT
For Year Ending December 31, 2011

Nathan Deal
Governor

Rob Braswell, CEM
Commissioner

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Message from the Commissioner

Welcome to the Department of Banking and Finance's 2011 Annual Report. This has certainly been a very active year for the Department and for the industries we regulate. I will attempt to summarize the activities of the Department, as well as highlight many of the changes that occurred this past year. Also, I encourage you to review the pages in which the Deputy Commissioners have listed additional 2011 highlights and activities for their respective areas of responsibility.

Regarding the entities we regulate, 2011 remained a difficult year for many of our institutions due to the weak housing market and depressed real estate values. Banks with concentrations in acquisition, development and construction lending continued to be hit the hardest, and unfortunately, led to the Department having to close 22 banks in 2011.

The operating performance of many state-chartered credit unions in 2011 could best be described as marginal as a number of credit unions struggled with an inability to generate sufficient earnings due to a very low net interest margin. It is also noteworthy that two federal credit unions converted to a state charter in 2011, but overall, the number of state-chartered credit unions decreased by one due to heightened merger activity.

Internally, two new and significant additions were made to the Supervisory Division this past year. The Division implemented an Early Warning System (EWS) that includes enhanced surveillance, research, and policy functions. Additionally, the Division implemented a new tracking mechanism for examination reports in process that allows the Department to better and more efficiently manage our exam workflow and to better coordinate with our federal counterparts regarding joint examinations.

The mortgage side of the Non-Depository Financial Institutions (NDFI) Division remained extremely active in 2011 as it continued to combat mortgage fraud in Georgia while also licensing approximately 6,000 mortgage lenders, brokers/processors and loan originators. The number of enforcement actions, including cease and desist orders, consent orders, revocations and license denials remained very high in 2011 due to the effectiveness of the risk-focused program and implementation of the Secure and Fair Enforcement (S.A.F.E.) Act. Many of these enforcement actions were taken against entities performing mortgage activities without being properly licensed. In fact, approximately 75% of the 106 Cease and Desist Orders issued by the NDFI Division were administered for performing unlicensed mortgage activity.

The Department also remained active in the oversight of Money Service Businesses (MSBs) by performing 74 examinations and issuing eight administrative actions. The MSB side of the NDFI Division ensures that these entities are properly licensed and comply with State law, the Bank Secrecy Act, and the requirements of the Office of Foreign Assets Control.

As you will see in the highlights of the Legal and Consumer Affairs (LCA) Division, the Department also updated several laws through passage of our "housekeeping bill" and many of its rules via a separate rulemaking process. We also provided regulatory and financial institution contact information to thousands of consumers to assist them in seeking resolutions to their respective financial issues.



ROB BRASWELL

Message from the Commissioner

Lastly, I want to thank you for your feedback regarding our customer service effectiveness. We are constantly striving to exceed your expectations and enhance our performance. Several of the initiatives highlighted throughout this report were developed due to the invaluable feedback that you provided; therefore, please keep your comments and suggestions coming.

As always, it remains our goal to be the best financial services industry regulator in the country. Thank you for your support of these efforts.

Sincerely,

Rob Braswell

Rob Braswell, CEM
Commissioner

Organizational Profile

The Department of Banking and Finance (Department) is the state agency that regulates and examines banks, credit unions, and trust companies chartered by the State of Georgia. The Department also has regulatory and/or licensing authority over mortgage brokers, lenders, processors and mortgage loan originators (MLOs); money service businesses; international banking organizations; and bank holding companies conducting business in Georgia.

Financial institutions and financial service providers are subject to strong statutory and regulatory requirements at both the federal and state levels. We share regulatory responsibility for Georgia state-chartered financial institutions with our federal counterparts (Federal Deposit Insurance Corporation, Federal Reserve Bank, and National Credit Union Administration). We are the sole regulatory agency in Georgia for mortgage brokers, lenders, processors and MLOs, and money service businesses (with the exception of the Financial Crimes Enforcement Network and the Internal Revenue Service, which supervise the Bank Secrecy Act, USA PATRIOT Act and other anti-money-laundering efforts).

STRUCTURE OF THE DEPARTMENT

Functionally, the Department reports directly to the State's Chief Financial Officer and the Governor. The Department is headed by a Commissioner who is appointed by the Governor to serve a four-year term. Commissioner Rob Braswell is assisted by Senior Deputy Commissioner Steve Pleger. The Department's operations are divided along functional lines: Supervision, Administration, Non-Depository Financial Institutions, and Legal and Consumer Affairs. These divisions are headed by Deputy Commissioners.



Senior Staff from left to right (seated): Deputy Commissioner for Administration Tracy Whitesides,
Deputy Commissioner for Legal and Consumer Affairs Judy Newberry

From left to right (standing): Deputy Commissioner for Non-Depository Financial Institutions Rod Carnes, Deputy
Commissioner for Supervision Kevin Hagler, Commissioner Rob Braswell, Senior Deputy Commissioner Steve Pleger

Organizational Profile

The Director of Communication and Planning reports directly to Commissioner Braswell and is primarily responsible for: website administration; coordinating e-government initiatives; external publications; coordinating strategic and business planning; coordinating accreditation processes for the Department's bank and credit union supervisory programs; examination survey report compilation/analysis; coordinating employee survey processes; overseeing/coordinating all business resumption and emergency preparedness procedures and plans; and coordinating any marketing efforts of the Department.

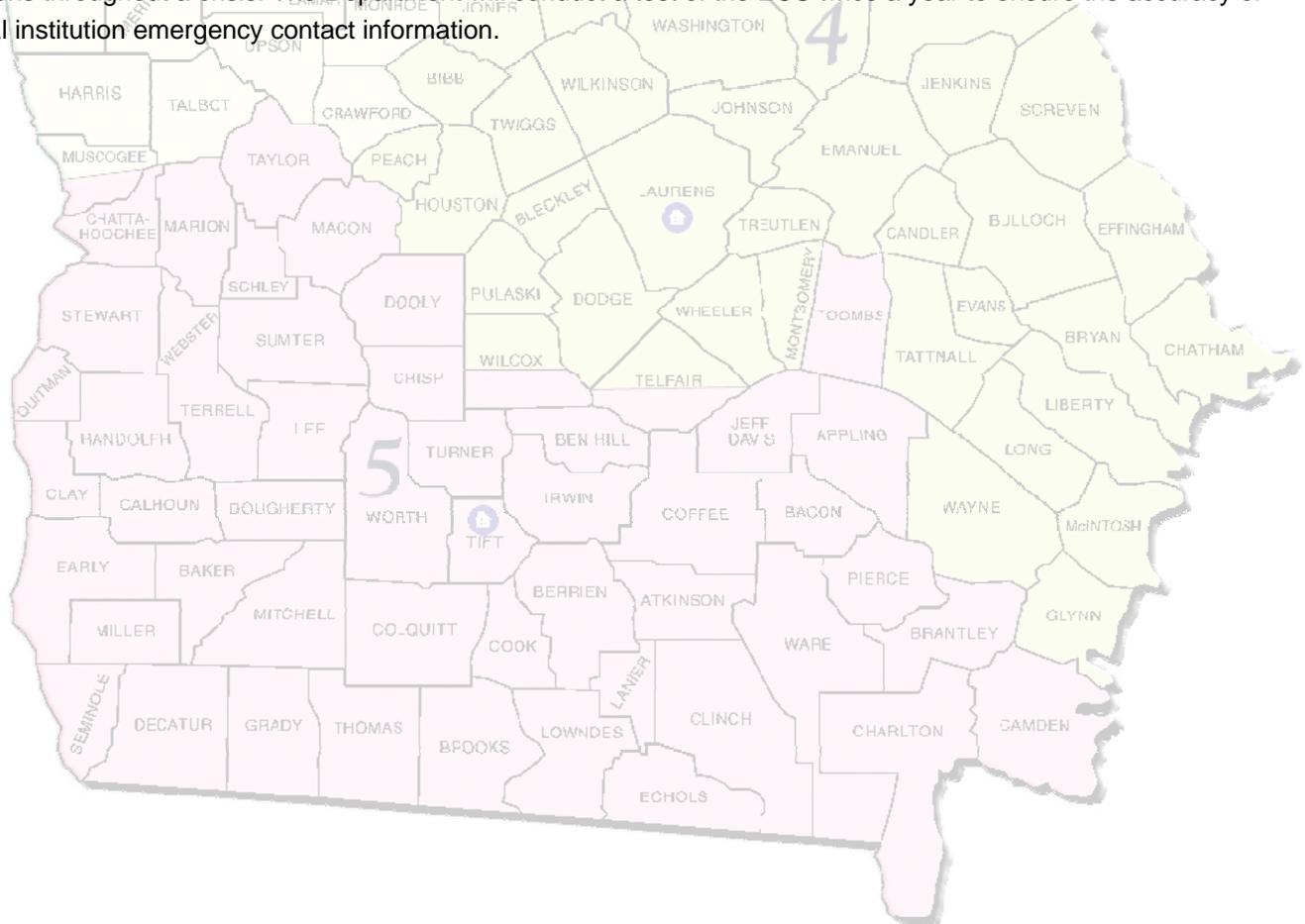


CAROL WEBB

*Director of Communications
and Planning*

Emergency Communications System (ECS)

In September 2011, the Department announced a new tool that will be utilized to communicate with Georgia state-chartered institutions during emergency situations. The ECS, provided and supported by the Federal Reserve Bank of St. Louis, enhances the Department's existing emergency contact information system, giving our agency the ability to quickly reach our institutions via various methods. ECS allows the Department to quickly establish a two-way communication channel, provide key updates, ascertain the operational status of an institution and provide ongoing updates during an emergency/disaster situation. The Department can authorize the ECS Support Center to send messages to institutions using mediums such as voice, text or email messages. The ECS can also poll institutions, track responses from institutions, and provide financial institution regulators with an update on the status of institutions throughout a crisis. The Department will conduct a test of the ECS twice a year to ensure the accuracy of financial institution emergency contact information.



Supervisory Division

SUMMARY OF ACTIVITIES FOR 2011

The Supervisory Division is responsible for the supervision, regulation, and examination of depository financial institutions and their affiliated companies that fall under the regulatory authority of the Department. Such institutions include state-chartered banks, trust companies and credit unions; bank holding companies; and international banking organizations. We share regulatory responsibility for Georgia state-chartered financial institutions with our federal counterparts (FDIC, FRB, and NCUA). The Supervisory Division is also responsible for financial institution application, registration and notification processing. The Division is headed by Deputy Commissioner for Supervision Kevin Hagler.



Kevin Hagler

Major activities and challenges during the year included:

- Took possession of **22** banks pursuant to the Official Code of Georgia, Section 7-1-150(a) which authorizes the Department in its discretion to take possession of the business and property of any state-chartered financial institution whenever such financial institution is either insolvent or operating in an unsafe or unsound condition. The depositors of the 22 state-chartered banks closed in 2011 were largely unaffected, as acquiring institutions stepped forward to service those customers. Refer to **Page 7** of this Report for a listing of the state-chartered banks taken into receivership during the year.
- Performed **150** safety and soundness examinations of banks (30 state-only exams and 120 joint with the FDIC or FRB) and **49** safety and soundness examinations of credit unions (47 state-only exams and 2 joint exams with the NCUA) during the year.
- Implemented an Early Warning System (EWS) that includes surveillance, research, and policy functions. The EWS objective is to better prepare Georgia's financial system to withstand shocks, financial dislocations, and economic downturns with the understanding that a stable, effective system of financial intermediation is essential to economic growth and prosperity in Georgia. Those threats determined to be most significant and imminent by the Department's Risk Committee are acted upon through internal training of supervision and examination staff as well as external communication through the Department's monthly Financial Institutions Bulletin, staff speaking engagements, and direct meetings with institution directors and officers.
- Implemented a new tracking mechanism for examination reports in process that allows the Department to better and more efficiently manage our exam workflow and to better communicate with our federal counterparts regarding joint examinations.
- No new bank charter applications were received or approved during the year. Financial institutions continued to take advantage of on-line, expedited processing procedures for corporate filings to establish branch offices, relocate branch offices, renew representative offices and expand credit union fields of membership.
- Approved two applications for conversion of a federal credit union to a state charter during 2011.

(Continued on page 6)

Supervisory Division

SUMMARY OF ACTIVITIES FOR 2011

Division Management Changes and District Office Closing:

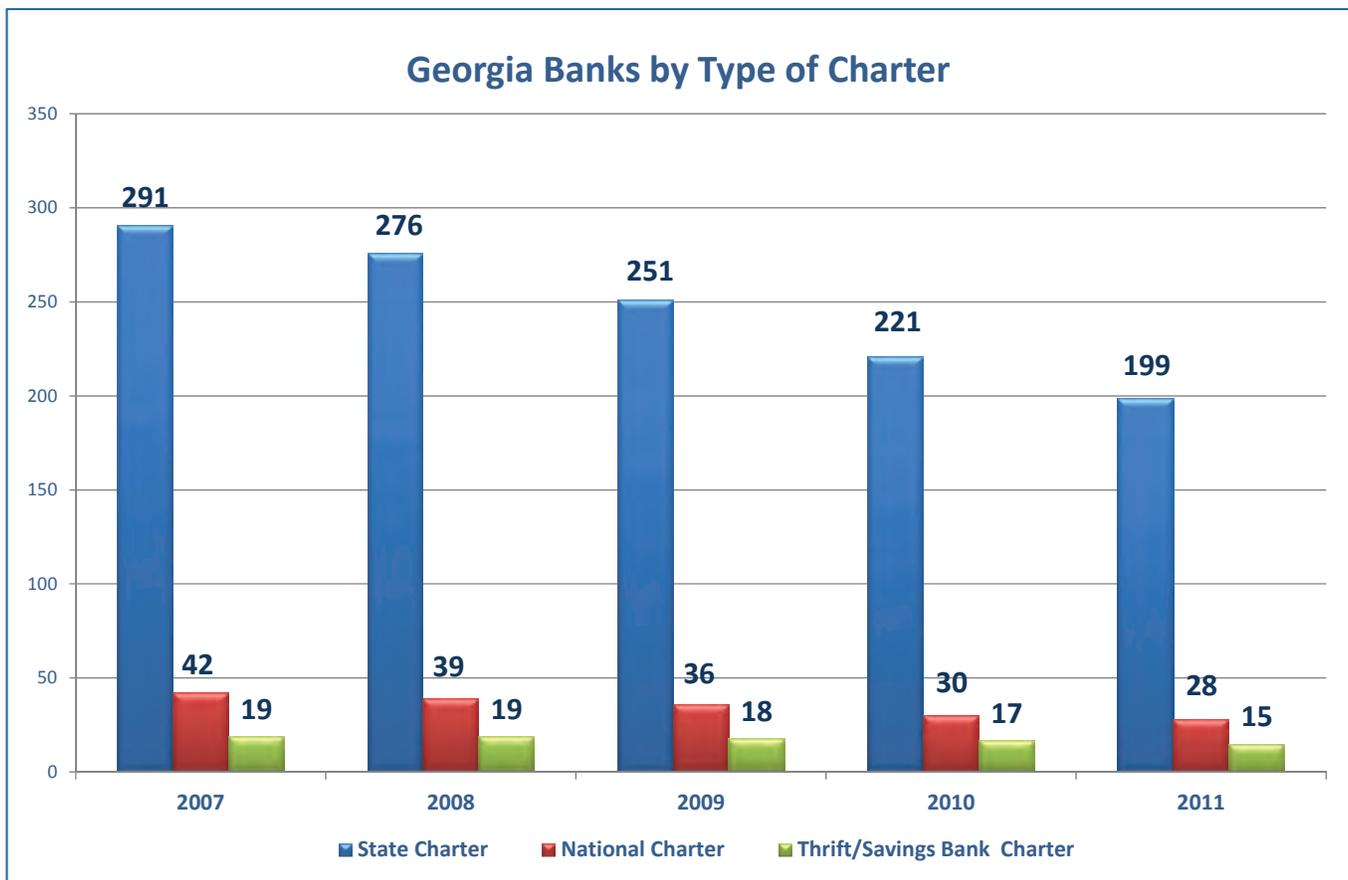
- During the year, the Division continued to refine and redistribute Supervisory Manager assignments/workloads to best align knowledge, skills, and experience.
- Effective June 30, 2011, the Savannah satellite office of District 4 (Southeast) was closed and existing personnel were retained as part of the Dublin office.

STATE-CHARTERED BANKING STATISTICS

As of the end of the year, the number of state-chartered banks totaled 199, representing a net decrease of 22 or roughly 10% from the previous year. This decrease was the result of 22 state-chartered banks being closed by the Department and placed into FDIC receivership.

Even with the decrease in the number of state-chartered banks, total bank assets under the Department's supervision remained virtually unchanged at approximately \$257 billion.

A five-year financial performance summary for state-chartered banks can be found on Page 10 of this Report.



Supervisory Division

SUMMARY OF ACTIVITIES FOR 2011

State-Chartered Georgia Banks Taken into Receivership During 2011

Name	City	County	Receivership Date	Transaction Type
Oglethorpe Bank	Brunswick	Glynn	01/14/2011	Whole Bank P&A / Loss Share
Enterprise Banking Company	McDonough	Henry	01/21/2011	One week DINB / FDIC payout / No buyer
American Trust Bank	Roswell	Fulton	02/04/2011	Whole Bank P&A / Loss Share
North Georgia Bank	Watkinsville	Oconee	02/04/2011	Whole Bank P&A / Loss Share
Habersham Bank	Clarkesville	Habersham	02/18/2011	Whole Bank P&A / Loss Share
Citizens Bank of Effingham	Springfield	Effingham	02/18/2011	Whole Bank P&A / Loss Share
New Horizons Bank	East Ellijay	Gilmer	04/15/2011	Whole Bank P&A / Loss Share
Bartow County Bank	Cartersville	Bartow	04/15/2011	Whole Bank P&A / Loss Share
First Choice Community Bank	Dallas	Paulding	04/29/2011	Whole Bank P&A / Loss Share
The Park Avenue Bank	Valdosta	Lowndes	04/29/2011	Modified Whole Bank P&A / Loss Share
First Georgia Banking Company	Franklin	Heard	05/20/2011	Whole Bank P&A / Loss Share
Atlantic Southern Bank	Macon	Bibb	05/20/2011	Whole Bank P&A / Loss Share
McIntosh State Bank	Jackson	Butts	06/17/2011	Whole Bank P&A / Loss Share
Mountain Heritage Bank	Clayton	Rabun	06/24/2011	Whole Bank P&A / Loss Share
One Georgia Bank	Atlanta	Fulton	07/15/2011	Whole Bank P&A / Loss Share
High Trust Bank	Stockbridge	Henry	07/15/2011	Whole Bank P&A / Loss Share
CreekSide Bank	Woodstock	Cherokee	09/02/2011	Whole Bank P&A / Loss Share
Patriot Bank of Georgia	Cumming	Forsyth	09/02/2011	Whole Bank P&A / Loss Share
Piedmont Community Bank	Gray	Jones	10/14/2011	Whole Bank P&A / Loss Share
Community Capital Bank	Jonesboro	Clayton	10/21/2011	Whole Bank P&A / Loss Share
Decatur First Bank	Decatur	DeKalb	10/21/2011	Whole Bank P&A / Loss Share
Community Bank of Rockmart	Rockmart	Polk	11/10/2011	All Deposit, Modified Whole Bank P&A / No Loss Sharing

The above chart details the Georgia state-chartered banks that were closed by the Department during 2011. In each bank closure, the FDIC was appointed as Receiver of the bank effective upon the Department taking possession.

Detailed information about failed banks can be found on the FDIC's website at:

<http://www.fdic.gov/bank/individual/failed/banklist.html>. This webpage contains useful information for the customers and vendors of these banks. This includes information on the acquiring bank (if applicable), how customer accounts and loans are affected, and how vendors can file claims against the receivership.

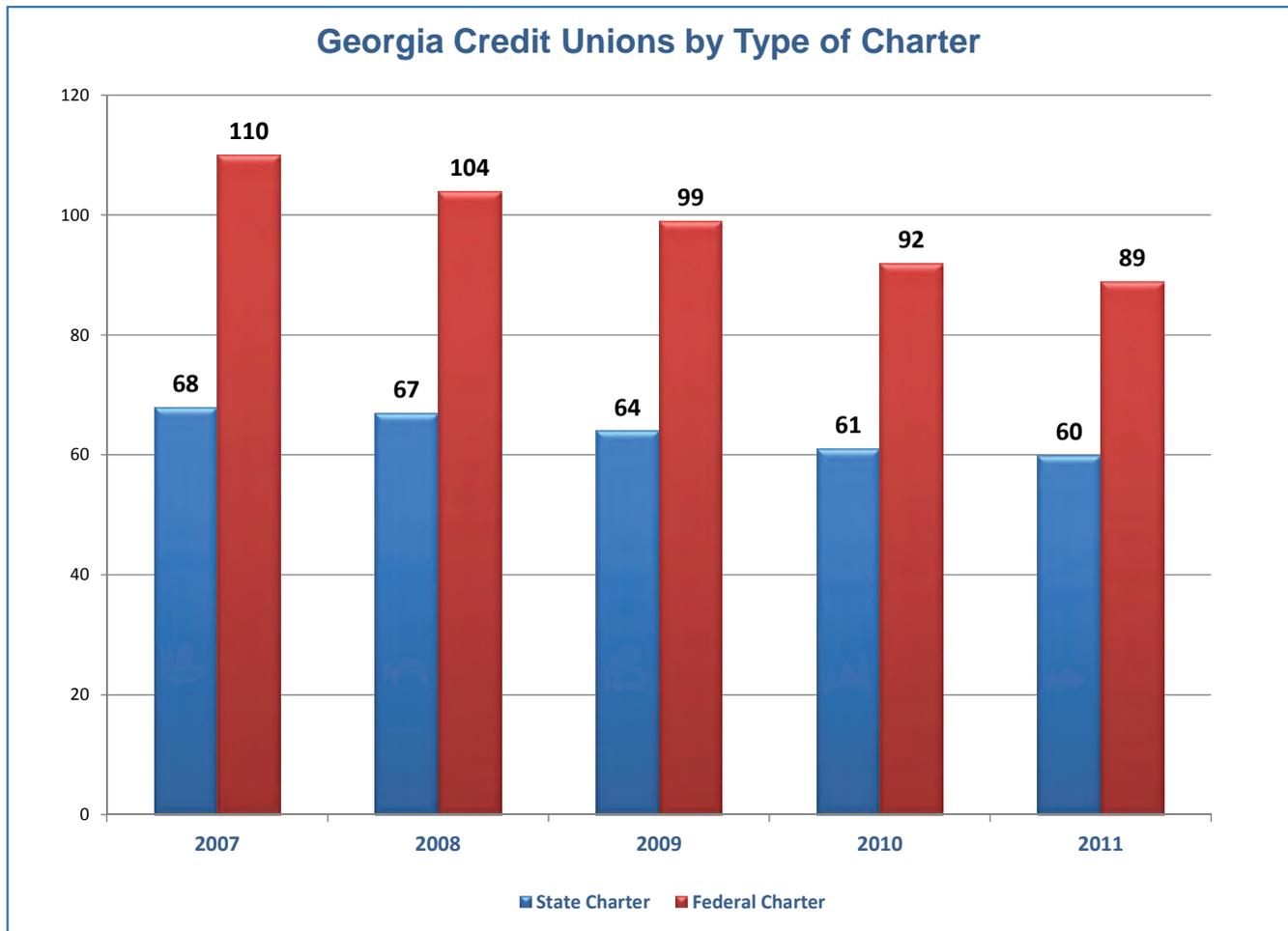
Supervisory Division

SUMMARY OF ACTIVITIES FOR 2011

STATE-CHARTERED CREDIT UNION STATISTICS

There were 60 state-chartered credit unions in Georgia at year-end 2011, a decrease of one from the previous year. Two federal credit unions converted to a state charter and three state-chartered credit unions merged out of existence during the year.

A five-year balance sheet and income statement snapshot for state-chartered credit unions can be found on Page 11 of this Report.



Supervisory Division

SUMMARY OF ACTIVITIES FOR 2011

OTHER SUPERVISED/REGISTERED FINANCIAL INSTITUTIONS

BANK HOLDING COMPANIES

A total of 227 bank holding companies were registered with the Department at the end of 2011. The Department accepted one holding company formation application during the year, which was still pending at year-end. Nineteen bank holding companies closed during the year due to the failure of their bank subsidiaries. Five new out-of-state holding companies were registered during 2011.

FOREIGN BANKING ORGANIZATIONS

The number of foreign banking organizations licensed by or registered with the Department remained unchanged during the year. One International Bank Agency holds an agency license, but operates as an international representative office only. In addition, one Domestic International Banking Facility continued to be licensed and two International Representative Offices continued to be registered during the year.

TRUST COMPANIES

Trust activities continue to be conducted principally by bank trust departments. There is one state-chartered non-deposit trust company in Georgia that is an independent trust company (Reliance Trust Company, Atlanta, Georgia).

REPRESENTATIVE OFFICES OF BANKS AND BANK HOLDING COMPANIES

A representative office is an office established by a bank, a bank holding company, or an agent or subsidiary of either for the purpose of conducting other than a banking business, and is not considered a main office or a branch office. As of the end of 2011, there were 49 entities registered with the Department having representative offices operating in this state.

Supervisory Division

State-Chartered Bank Financial Summary

	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
<i>(dollar figures in millions)</i>					
Number of institutions reporting	199	221	251	276	291
AGGREGATE CONDITION AND INCOME DATA					
Net income	449	(1,920)	(3,250)	125	2,816
Total assets	256,872	256,320	252,307	278,744	266,128
Earning assets	227,861	224,443	219,323	239,822	236,008
Total loans & leases	180,720	182,328	179,090	199,159	200,172
Other real estate owned	2,584	3,271	2,871	1,874	748
Total deposits	203,069	206,567	198,056	196,565	191,737
Equity capital	29,083	27,730	25,628	28,380	29,276
PERFORMANCE RATIOS (%)					
Yield on earning assets	4.39	4.59	4.73	5.67	6.88
Cost of funding earning assets	0.75	1.10	1.63	2.50	3.48
Net interest margin	3.64	3.49	3.10	3.18	3.41
Noninterest income to avg. earning assets	1.39	1.41	1.54	1.50	1.55
Noninterest expense to avg. earning assets	3.59	3.65	3.86	3.44	2.98
Net charge-offs to loans & leases	1.94	2.81	2.80	1.28	0.36
Credit-loss provision to net charge-offs	80.05	97.53	121.67	153.23	167.69
Net operating income to average assets	0.13	-0.81	-1.29	-0.33	0.92
Retained earnings to average equity	1.42	-7.18	-12.52	-4.55	1.66
Return on assets	0.18	-0.74	-1.26	0.05	1.06
Return on equity	1.58	-6.91	-12.19	0.43	9.69
Percent of unprofitable institutions	40.70	55.66	68.13	50.72	15.12
CONDITION RATIOS (%)					
Net loans and leases to assets	68.83	69.28	69.13	70.12	74.34
Loss allowance to:					
Loans and leases	2.17	2.61	2.61	1.86	1.16
Noncurrent loans and leases	46.72	46.93	40.61	46.14	68.71
Noncurrent loans & leases to					
total loans & leases	4.64	5.55	6.44	4.04	1.69
Nonperforming assets to assets	4.27	5.23	5.71	3.56	1.55
Core deposits to total liabilities	80.22	77.89	71.37	60.13	60.38
Equity capital to total assets	11.32	10.82	10.16	10.18	11.00
Core capital (leverage) ratio	8.98	8.38	7.68	8.06	8.28
Total capital to risk-weighted assets	13.77	12.93	12.11	11.33	11.17

*Source: Call Report
FDIC-Division of Insurance and Research*

Supervisory Division

State-Chartered Credit Union Financial Summary

<i>(dollar figures in millions)</i>	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
ASSETS:					
Cash & Equivalents	1,122	1,230	1,006	754	700
TOTAL INVESTMENTS	3,884	3,543	3,625	2,403	2,105
TOTAL LOANS	7,023	6,502	5,878	5,405	4,488
(Allowance for Loan & Lease Losses)	92	92	74	51	42
Land And Building	207	194	171	163	125
Other Fixed Assets	32	33	34	37	43
NCUSIF Deposit	103	94	82	32	56
All Other Assets	201	133	122	127	109
TOTAL ASSETS	12,500	11,646	10,853	8,873	7,591
LIABILITIES & CAPITAL:					
TOTAL LIABILITIES	264	152	699	164	133
TOTAL SHARES & DEPOSITS	10,954	10,208	8,953	7,519	6,348
Regular Reserve	220	223	212	214	199
Other Reserves	(9)	(26)	(11)	(0)	(7)
Undivided Earnings	1,070	1,090	1,001	976	919
TOTAL EQUITY	1,282	1,286	1,201	1,189	1,110
TOTAL LIABILITIES & EQUITY	12,500	11,646	10,853	8,873	7,591
INCOME & EXPENSE:					
Loan Income	401	399	358	342	284
Investment Income	51	60	83	119	133
Other Income	138	131	107	84	81
Total Employee Compensation & Benefits	169	157	139	128	104
Temporary Corporate CU Stabilization Expense & NCUSIF Premiums ¹	26	24	15	N/A	N/A
Total Other Operating Expenses	251	158	136	176	112
Non-operating Income (Expense)	2	(4)	(17)	4	(1)
Provision for Loan/Lease Losses	58	78	75	45	25
Cost of Funds	106	137	175	206	212
Net Income (Loss) EXCLUDING Stabilization Expense & NCUSIF Premium ²	8	56	47	N/A	N/A
NET INCOME	(18)	31	32	(6)	45
Total Credit Unions Reporting	60	61	64	67	68

¹ Prior to September 2010, this account was named NCUSIF Stabilization Expense. For December 2010 and forward, this account includes Temporary Corporate CU Stabilization Expense and NCUSIF Premiums.

² Prior to September 2010, this account was named Net Income (Loss) Before NCUSIF Stabilization Expense. From December 2010 forward, NCUSIF Stabilization Income, if any, is excluded.

Supervisory Division Staff

Main Office Staff

2990 Brandywine Road, Suite 200
Atlanta, Georgia 30341-5565
Phone: (770) 986-1633 Fax: (770) 986-1654 or 1655

Kevin Hagler, CEM - Deputy Commissioner for Supervision
Lori Godfrey, CEM/CFE - Director for Supervision
Lori Binford, CEM - Supervisory Manager (Banks & Credit Unions - District 1, SunTrust, Synovus)
Mike Killeen, CEM/CSCUES - Supervisory Manager (Banks & Credit Unions—District 2)
Pam Keane, CEM - Supervisory Manager (Banks – District 5, Credit Unions Districts 4 & 5, Trust)
Murali Ramachandran, CEM - Supervisory Manager (Applications; Banks - District 4)
Merian Johnson - Administrative Assistant
LaTosha Rose - Administrative Assistant

ACRONYMS:

CEM - Certified Examinations Manager

CEIC - Certified Examiner-In-Charge

CFE - Certified Financial Examiner or Certified Fraud Examiner

CPA - Certified Public Accountant

CSCUES - Certified State Credit Union Examination Supervisor



From left to right (seated): *Murali Ramachandran, Mike Killeen, Pam Keane*
From left to right (standing): *Lori Binford, Merian Johnson, Lori Godfrey, LaTosha Rose*

District Work Area Staff

The Department currently has four examination districts which have district work areas located in various geographic regions of the state to facilitate the supervisory process.

Supervisory Division Staff

District 1—Northwest

645 Molly Lane, Suite 140
Woodstock, Georgia 30189
Phone: (770) 928-1803 Fax: (770) 928-6209

District Director: Melissa Sneed, CEM
Supervisory Examiner: Daisy Mitchell, CEM
Supervisory Examiner: Rich Parker, CEM

Evans Yancy - Credit Specialist
Dennis McNeer, CEM, Senior Financial Examiner
Mark Pressler, CEIC - Senior Financial Examiner
Derek Thompson, CEIC - Senior Financial Examiner
Ryan Baker, CEIC - Financial Examiner
George Campbell, CEIC - Financial Examiner
Presley Norris, CEIC - Financial Examiner

William "Trey" Craig, III - Senior Assistant Financial Examiner
Aaron Fisher - Senior Assistant Financial Examiner
Kevin Vaughn - Senior Assistant Financial Examiner
Casey Cook - Assistant Financial Examiner
Dawn Shumpert - Assistant Financial Examiner
Jessica Strella - Assistant Financial Examiner
Stanley Tan - Assistant Financial Examiner



From left to right (seated): Daisy Mitchell, Melissa Sneed

From left to right (1st row): Jessica Strella, Dawn Shumpert

From left to right (2nd row): Casey Cook, Stanley Tan, Ryan Baker, Evans Yancy, Mark Pressler, Presley Norris

*From left to right (back): George Campbell, Derek Thompson, Trey Craig, Aaron Fisher, Rich Parker,
Kevin Vaughn, Dennis McNeer*

Supervisory Division Staff

District 2—Northeast/Central

3715 Harrison Road, Suite 100
Loganville, Georgia 30052
Phone: (770) 554-0676 Fax: (770) 554-5915

District Director: Heather Sartain, CEM
Supervisory Examiner: Justin McElheney, CEIC

Brittany Bohannon, CEIC - Senior Financial Examiner
Candice Daniel, CEIC - Senior Financial Examiner
Mathew Robinson, CEIC - Senior Financial Examiner
Cacey Rogers - Financial Examiner
Victoria Williams - Financial Examiner
Langford Hutcherson - Senior Assistant Financial Examiner

Jessie Echols - Senior Assistant Financial Examiner
Brett Poole - Senior Assistant Financial Examiner
Dustin Thompson - Senior Assistant Financial Examiner
Jack Jackson - Assistant Financial Examiner
Arden Ward - Assistant Financial Examiner
Austin Wen - Assistant Financial Examiner



From left to right (1st row): *Brittany Bohannon, Mathew Robinson, Jessie Echols, Austin Wen, Heather Sartain*

From left to right (2nd row): *Candice Daniel, Justin McElheney, Dustin Thompson, Victoria Williams, Arden Ward, Brett Poole*

From left to right (3rd row): *Jack Jackson, Daniel Stanford (now in District 4), Cacey Rogers, Langford Hutcherson*

Supervisory Division Staff

District 4—Southeast

P.O. Box 965

Dublin, Georgia 31040

Phone: (478) 275-6740

Fax: (478) 275-6742

District Director: Gary Ford, CEM/CSCUES

Supervisory Examiner: Michael Hooks, CPA/CEM

Supervisory Examiner: David Widincamp, CEM/CSCUES

Janet Bryan, CEIC - Senior Financial Examiner
Michael Bryan, CEIC - Senior Financial Examiner
Mark Smith, CEIC/CSCUES - Senior Financial Examiner
Patrick Brahana, CEIC - Financial Examiner
Bob Herndon, CEIC - Financial Examiner
Kimberly Nobles, CEIC - Financial Examiner

Lucas Richardson - Senior Assistant Financial Examiner
Benjamin Harris - Assistant Financial Examiner
David McMeans - Assistant Financial Examiner
Patrick O'Brien, Jr. - Assistant Financial Examiner
Daniel Stanford - Assistant Financial Examiner
Christopher Ward - Assistant Financial Examiner



From left to right (front row): Benjamin Harris, Gary Ford, Janet Bryan, Kimberly Nobles, Michael Hooks, Christopher Ward, Michael Bryan

From left to right (back row): Bob Herndon, David McMeans, Lucas Richardson, David Widincamp, Patrick O'Brien, Jr., Mark Smith, Patrick Brahana
Not pictured: Daniel Stanford (pictured with District 2)

Supervisory Division Staff

District 5—Southwest

217 Main Street
Tifton, GA 31794-4834

Phone: (229) 382-6604 Fax: (229) 382-6434

District Director: Virginia Riddick, CEM
Supervisory Examiner: Susan Andrews, CEIC
Supervisory Examiner: Joyce Jones, CEM/CSCUES

Sue Ann Tucker, CEIC - Senior Financial Examiner
Terry Tucker, CEIC - Senior Financial Examiner
James Johnson, CEIC - Senior Financial Examiner
Alicia Ashley - Senior Assistant Financial Examiner
Natalie Holder - Senior Assistant Financial Examiner
Frankie Keeling - Senior Assistant Financial Examiner

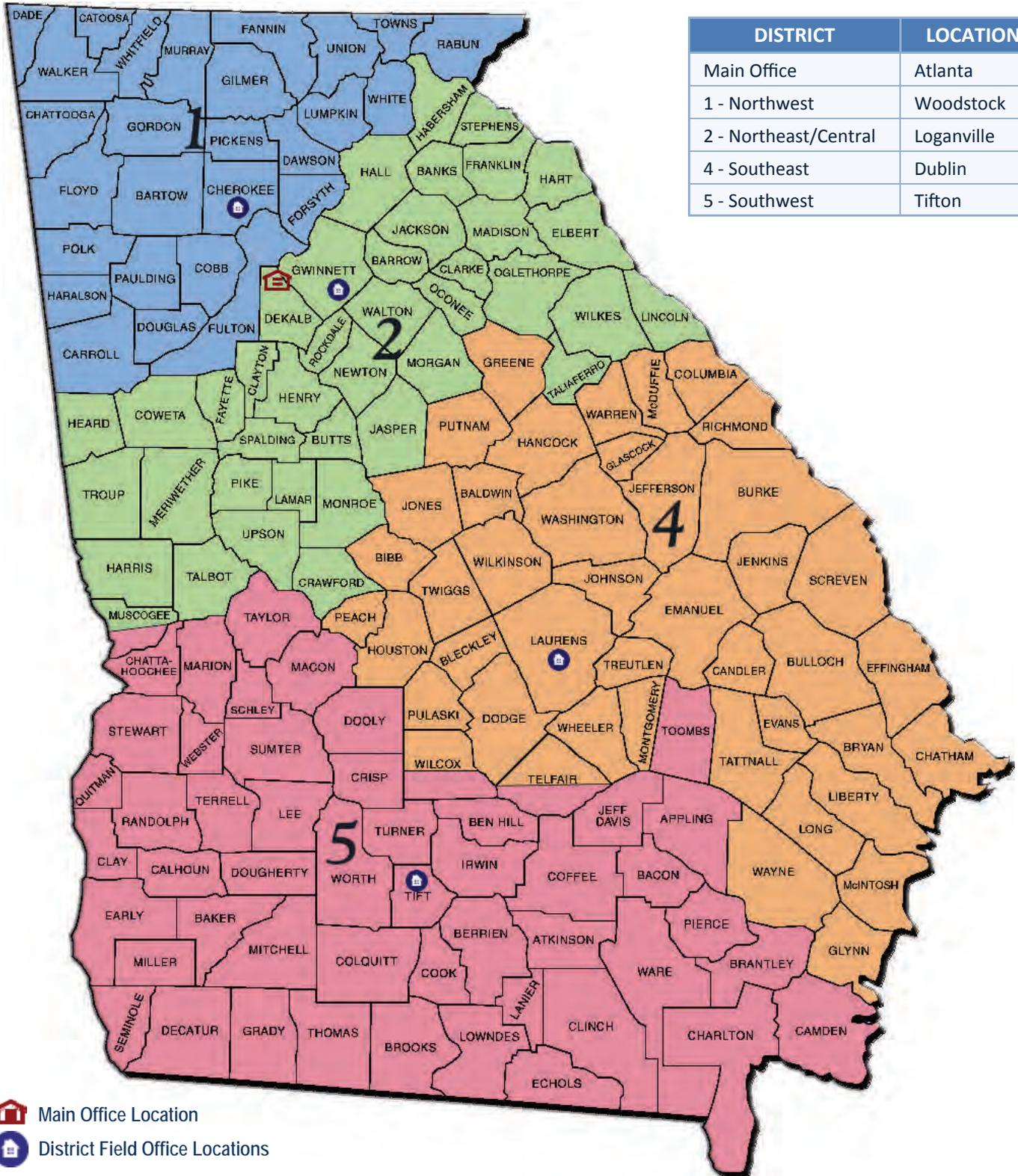
Kathryn Black - Assistant Financial Examiner
Steven Caudell - Assistant Financial Examiner
Peter Crowley - Assistant Financial Examiner
Kendra Young - Assistant Financial Examiner
Amy Senkbeil - Assistant Financial Examiner



From left to right (1st row): *Susan Andrews, Frankie Keeling, Amy Senkbeil, Joyce Jones, Sue Ann Tucker, Kathryn Black, Peter Crowley*

From left to right (back row): *Terry Tucker, Virginia Riddick, Alicia Ashley, Natalie Holder, Kendra Young, Steven Caudell, James Johnson*

Supervisory Division Examination Districts and Work Areas



The above map is primarily for the purpose of exhibiting geographical district boundaries based on current institution assignments. However, some districts may have institutions assigned in other areas of the state due to multibank holding companies and/or district workload and scheduling issues.

Non-Depository Financial Institutions Division

SUMMARY OF ACTIVITIES FOR 2011

The Non-Depository Financial Institutions Division (NDFI) is responsible for the licensing, regulation and examination of mortgage lenders, brokers/processors and loan originators who are licensees and registrants under the law. NDFI is also responsible for the licensing and supervision of check cashers, sale of check companies and money transmitters - collectively referred to as Money Service Businesses (MSBs). The Department now regulates over 6,000 Mortgage Licensees and Registrants and over 1,100 MSBs. The Division is headed by Deputy Commissioner for Non-Depository Financial Institutions Rod Carnes.



Rod Carnes

Major activities during the year included:

- Fighting mortgage fraud remained a primary strategic focus for NDFI. We continued our Risk-Focused Examination Program, which targets those involved in mortgage fraud. During 2011, the Department issued 106 Cease and Desist Orders and 82 Intent to Revoke Orders, and made referrals of cases totaling more than \$15 million to other regulatory and law enforcement agencies as a result of our examinations and investigations.
- According to the LexisNexis® Mortgage Asset Research Institute's 13th Periodic Mortgage Fraud Case Report (May 2011), Georgia fell out of the top 10 ranking of states for mortgage fraud with a Mortgage Fraud Index (MFI) of 66 for 2010. An MFI below 100 is significant because an MFI of 100 would indicate that the reported fraud and misrepresentation for a state is exactly what one would expect in terms of fraud rates, given the level of loan originations in that state. We will continue to work with federal, state, and local law enforcement and regulatory agencies, the Georgia Real Estate Fraud Prevention & Awareness Coalition, community task forces, and the industry to fight mortgage fraud.
- The division remained committed to taking action against unlicensed activity, especially unlicensed loan modification companies. Of the 106 Cease and Desist Orders issued during the year, approximately 75% were for unlicensed activity.
- During 2011, NDFI received 2,158 license applications, 2,039 of which were for mortgage loan originators (MLOs). NDFI approved 1,855 mortgage brokers, lenders, processors, and MLO license or reinstatement applications during the year. The Department held 52 in-house hearings for MLOs who subsequently requested a hearing after receiving notice of the Department's intent to deny their license applications. Conducting these hearings in-house saved the Department approximately \$100,000 in administrative hearings costs during 2011.
- NDFI continued its Risk-Focused Examination Program for MSBs. In 2011, we issued eight administrative actions (four Cease and Desist Orders, two Consent Orders and two Intent to Revoke Orders). Our examination program not only focuses on Georgia law and Department rules, but also ensures compliance with the Bank Secrecy Act and anti-money laundering initiatives. In 2011, we also gave presentations at MSB conventions and will continue to work closely with the MSB industry to provide training and feedback under our program.
- In accordance with Georgia law, specifically the Illegal Immigration Reform and Enforcement Act of 2011, NDFI staff reviewed affidavits and supporting documentation for 5,110 licensees to verify lawful presence in the United States.

Non-Depository Financial Institutions Division

SUMMARY OF ACTIVITIES FOR 2011

MORTGAGE LICENSEE AND REGISTRANT STATISTICS

Number of Mortgage Licensees and Registrants

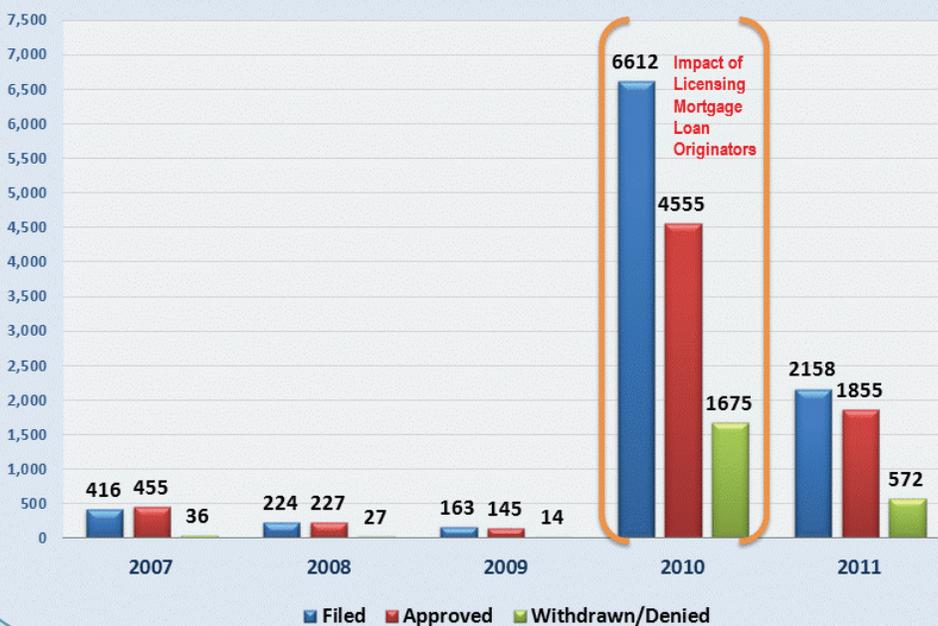


Article 13 of Title 7 of the Official Code of Georgia Annotated requires all persons who transact business as a residential mortgage lender, broker, processor or loan originator to be licensed or registered with the Department, unless they are exempt.

At the end of 2011, active mortgage licensees and registrants totaled 6,471, representing a net increase of 1,000 or 18% from the previous year.

The majority of the increase was due to continued licensing of mortgage loan originators, which represented almost 95% of the applications approved during 2011.

Mortgage License Application Activity Comparison



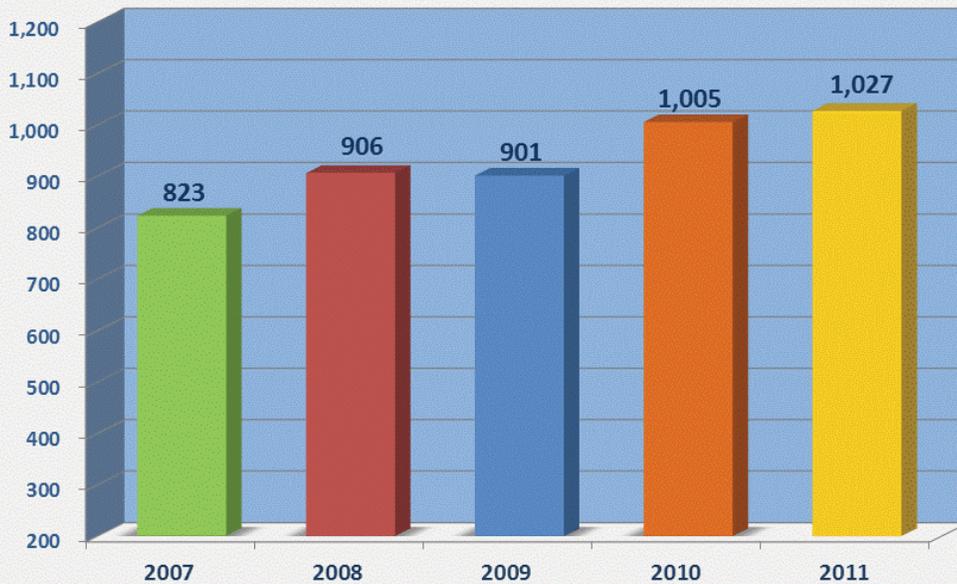
The Department began licensing mortgage loan originators in January 2010, as required by the Secure and Fair Enforcement Mortgage Licensing Act (S.A.F.E.). The impact of the initial mortgage loan originator licensing process is reflected in the sharp increase in application activity for 2010.

Non-Depository Financial Institutions Division

SUMMARY OF ACTIVITIES FOR 2011

MONEY SERVICE BUSINESSES STATISTICS

Number of Check Cashers Licensed or Registered

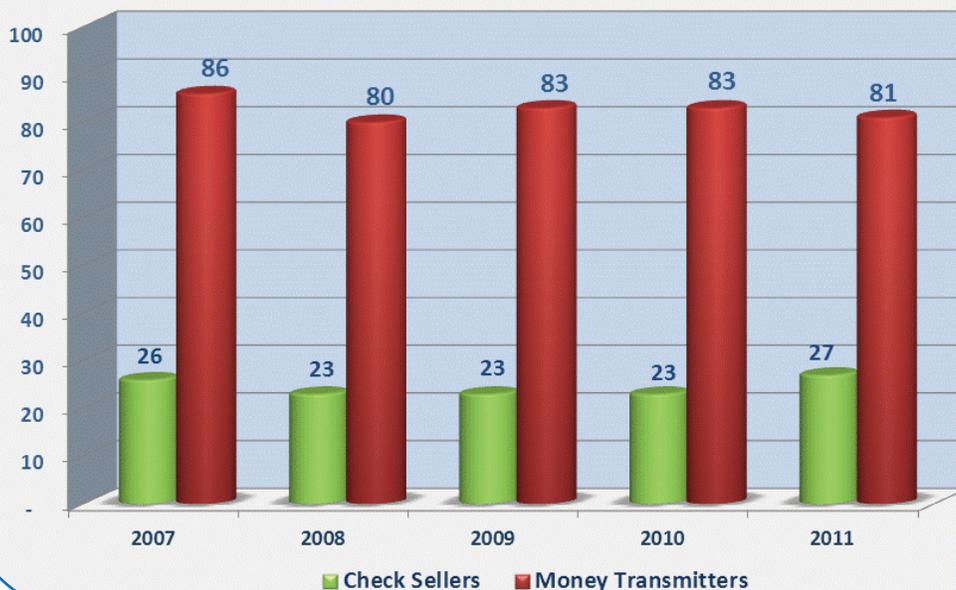


Unless otherwise exempt, anyone that engages in the cashing of checks, money orders, or other drafts for a fee must be licensed or registered by the Department under Article 4A of Title 7 of the Official Code of Georgia Annotated.

The Department continued to experience a moderate amount of application activity for check casher licenses / registrations during 2011.

During 2011, there were 180 applications for new or reinstated check casher licenses / registrations, and 159 companies either closed or did not renew their licenses/ registrations during the year.

Licensed Check Sellers and Money Transmitters



Unless otherwise exempt, anyone that (1) engages in the selling or issuing of checks or money orders, or (2) engages in the business of receiving money for transmission or transmitting money, must be licensed by the Department under Article 4 of Title 7 of the Official Code of Georgia Annotated.

At the end of the year, 27 check sellers having over 14,000 agents throughout the state were licensed to do business in Georgia.

At the end of the year, 81 money transmitters having over 2,900 agents throughout the state were licensed to do business in Georgia.

NDFI Division Staff

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Phone: (770) 986-1633 Fax: (770) 986-1029 or 1655

Rod Carnes, CFE - Deputy Commissioner for Non-Depository Financial Institutions
Felicia Faison-Holmes - Director for Non-Depository Financial Institutions
Morgan Clemons - Non-Depository Financial Institutions Division Attorney

Betty Thomas, CFE - Supervisory Manager - Mortgage Regulation
Janet Anderson - Supervisory Manager - Mortgage Licensing
Bob Bauguss, CFE - Senior Financial Examiner - Mortgage
Joel Byers, CFE - Senior Financial Examiner - Mortgage
Andy Reid, CFE - Senior Financial Examiner - Mortgage
Harold Carney, CEM - Senior Financial Examiner - Mortgage

Fernando Ornelas, CFE - Financial Examiner - Mortgage
Erika Greene - Assistant Financial Examiner - Mortgage
Deborah Long - Assistant Financial Examiner - Review
Irene Harper - Applications Analyst - Mortgage
Teresa Koeppel, CFE - Administrative Examiner - MSBs
Susan Nelson - Applications Analyst - MSBs

Mortgage Licensing Staff

The primary responsibilities of the mortgage licensing staff are to process new and renewal applications for the licensing or registration of residential mortgage lenders, brokers, processors, registrants and loan originators. In addition, the staff processes changes to existing licensees such as the addition and deletion of branch locations, addition or changes to branch managers, changes in business structures/names, changes in control, changes in management, changes to surety bonds, and registrations of trade (d/b/a) names. Mortgage licensing also processes state educational provider applications and renewals.



From left to right (seated): Janet Anderson, Betty Thomas
From left to right (standing): Irene Harper, Felicia Faison-Holmes, Deborah Long

NDFI Division Staff

Mortgage Supervision and Examination Staff

The mortgage supervision and examination staff examines mortgage licensees for compliance and conducts mortgage fraud investigations of both licensed and unlicensed entities. The staff prepares reports of examination and, if they recommend administrative action, the examiners will collect and organize the supporting evidence. The staff also works with law enforcement and prosecutors on criminal mortgage fraud and unlicensed cases. Additionally, the examiners contact new licensees to review the rules and regulations of the Department and support the licensing staff as needed.



From left to right (seated): *Felicia Faison-Holmes, Bob Bauguss, Erika Greene*
From left to right (standing): *Fernando Ornelas, Joel Byers, Harold Carney, Andy Reid*

Did you know that the Department publishes a monthly mortgage summary and a quarterly MSB newsletter to keep licensees and registrants informed?

Please visit the [Publications section](#) of our website to view past issues of our newsletters or to learn more about subscribing to any of our publications or news/press releases.



NDFI Division Staff

MSB Licensing and Examination Staff

The primary responsibilities of the MSB licensing and examination staff are to process new and renewal applications for the licensing or registration of sale of check companies, money transmitters, and check cashers. In addition, the staff handles changes in address, branch office locations and relocations, office closure notifications, contact changes, and agent updates for seller of checks and money transmitters. Additionally, staff members perform examinations of the licensees / registrants, prepare reports of examination, and recommend administrative action where warranted.



From left to right: *Susan Nelson, Teresa Koepfel*

NDFI Legal Staff

The division's legal staff issues administrative actions to applicants, licensees, registrants and unlicensed entities. The legal staff will prepare and present administrative cases heard before the Commissioner or forward matters to the Attorney General's office to be heard before the Office of State Administrative Hearings. They often resolve administrative matters before hearings and successfully negotiate resolutions that expedite final disposition of these matters. The legal staff also supports the division by serving as custodian of records.



Morgan Clemons

Legislative Highlights

The Legal and Consumer Affairs Division is responsible for providing legal advice and legislative drafting support for the Commissioner and staff. The Division also responds to Georgia Open Records Act requests and provides subpoena responses, in addition to coordinating legal matters with the Georgia Attorney General's Office and other state and local agencies. The Division is headed by Deputy Commissioner for Legal and Consumer Affairs Judy Newberry.



Judy Newberry

Major highlights of the year included:

2011 Housekeeping Bill:

In 2011, the Department sponsored a "Housekeeping Bill", which traditionally has provided non-controversial statutory amendments and clarifications. Governor Deal signed our bill into law with an effective date of July 1, 2011. The highlights of the changes include revising the definition of "statutory capital base", clarifying language regarding financial institution directors' obligations and liabilities, and expanding the Code to allow corporations to be considered an eligible "payable on death" (P.O.D. payee) beneficiary.

2011 Rulemaking:

Department Rules were updated in 2011, via the rulemaking process, as provided for by the state Administrative Practices Act, after review and consultation with interested parties and members of the industry. The Department welcomes comments from the public or from the industry throughout the year regarding amendments or clarifications to Department Rules that will enhance the regulatory oversight and enforcement of its regulated entities.

All the changes in Rules were related to our Non-Depository Financial Institutions. The highlights include clarification regarding required documentation for continuing education hours, a requirement for per loan fees to be reported via an automated on-line system, an addition and modification of administrative fines, clarification on several mortgage loan originator requirements, an ability for certain information that is considered public to be disseminated through the Nationwide Mortgage Licensing System and Registry and the Department, and an amendment to require mortgage loan originator applicants and licensees to make necessary changes to their information on the Nationwide Mortgage Licensing System and Registry within designated time frames and to provide for penalties for failing to do so.

Administrative Division

SUMMARY OF ACTIVITIES FOR 2011

The Administrative Division is responsible for human resource management, budgeting, accounting services, information technology, training activities, and records systems. The Division is headed by Deputy Commissioner for Administration Tracy Whitesides.

Major highlights of the year included:

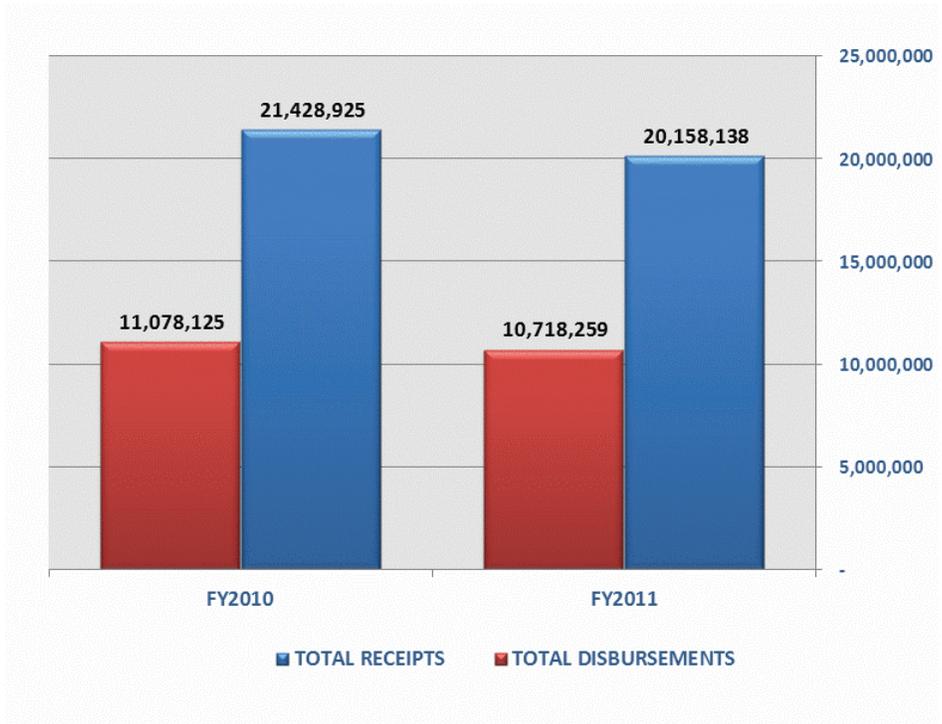
- Transitioned to a new electronic travel system which also incorporates a travel agency to handle reservations. This electronic system eliminates the need to complete paper forms and allows for faster reimbursement to employees.
- Implemented Team Georgia Marketplace, the State's purchasing system.
- Completed the transition of the EPerformance Management review.
- The IT Department completed the installation of Landesk software to perform silent internet installs of software on computers in our Districts.
- Implemented a procedure for automating approval of check casher licensees/registrants that meet certain criteria, eliminating the need to review individual filings for those that meet the auto approval criteria and stamping approval and expiration dates in our database automatically. In addition, implemented an "auto send" procedure where check casher and mortgage licensees/registrants are sent a system-generated e-mail once their renewal or new/reinstatement application has been approved. Both of these improvement projects were accomplished with virtually no new costs (i.e., new hardware/software, development costs, etc.).
- The IT Department implemented Log Me In Rescue which provides for technical support via the internet.
- The Department continues to increase the number of fees that can be paid on-line and also to require certain fees be paid electronically where possible. The Department is notifying and encouraging customers to take advantage of the on-line payment systems. During 2011, 82% percent of application fees and other fees/fines were submitted to the Department electronically.
- Continued participation in the State Accounting Office Working Capital Optimization Accounts Payable Transformation Project as a pilot agency. The project identified opportunities within the Accounts Payable process to reduce costs to the State. This includes payment terms, automating the cash disbursement process, utilizing prompt payment discounts and recovering overpayments and unused credits. During 2011, 77% of vendors were paid electronically.
- Emphasis was placed on computer-based training and maximizing access to training opportunities offered by other supervisory agencies. During 2011, three internal training classes were held and 210 computer-based training courses were completed. In addition to those classes, examiners attended training sessions conducted by the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Conference of State Bank Supervisors, the Federal Reserve Bank, the Georgia Real Estate Fraud Prevention & Awareness Coalition, the Federal Financial Institution Examination Council, and the American Association of Residential Mortgage Regulators.



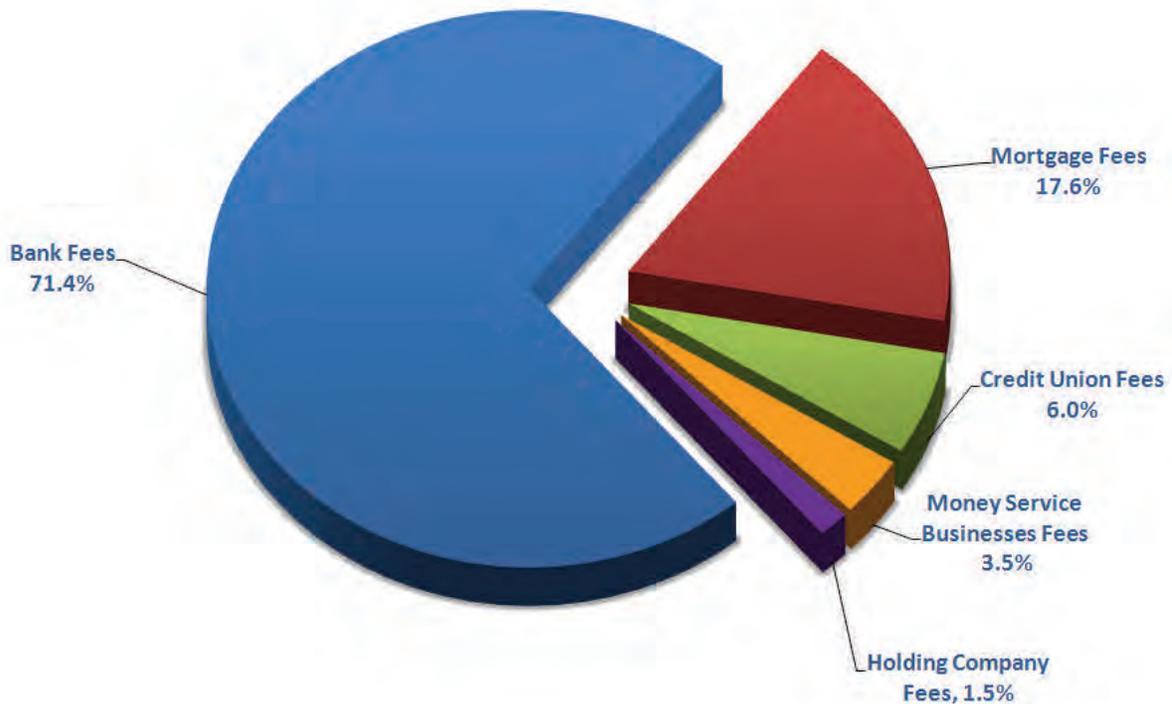
Tracy Whitesides

Administrative Division

FISCAL YEAR 2011 RECEIPTS AND DISBURSEMENTS



FY2011 Revenues Collected



NOTE: Revenues collected are remitted to the Office of the Treasury and Fiscal Services. The level of expenditures is subject to the state budgetary process.

Administrative Division Staff

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Atlanta, Georgia 30341-5565
Phone: (770) 986-1633 Fax: (770) 986-1274

Tracy Whitesides, CPA, CEM - Deputy Commissioner for Administration

Accounting, Human Resources and Budget Staff:

Reneé Martin - Accounting Director I
Marilyn Harris, CEIC - Accounting and HR Specialist
Charlene Haynie - Accounting Specialist

IT Staff:

Denise Brown - Director of IT
Felicia Hedgebeth - Network and Information Security Administrator
Carol Hyde - IS Database Integrator

Front Desk / Office Management Staff:

Susan Brown - Office Manager
Kaushik Mehta - Support Services Officer
Sheila Ball - Administrative Secretary

Accounting, Human Resources and Budget Staff

The primary responsibilities of the human resources, accounting and budget staff are to: (1) Provide and administer the functions necessary for the recruitment, training, and certification of a professional staff; (2) Manage appropriated budget funds; assuring proper accounting and tracking of revenue and expense collections; (3) Coordinate benefit and payroll transactions, records and reports, and oversight of employee benefit programs, (4) Perform all State dictated accounting functions and processes; and (5) Manage physical property acquisition and disposition.

Front Desk / Office Management Staff

The primary responsibilities of the front desk / office management staff are to provide general and clerical support to the Department's divisions. The Office Manager serves as administrative support for the Commissioner and Senior Deputy Commissioner. The receptionist receives calls, provides general information and forwards calls as appropriate. The Support Services Officer oversees the receipt, sorting, and distribution of mail; maintains office equipment and supplies; and assists with routine repairs and preventive maintenance.

IT Staff

The primary responsibilities of the IT staff are to: (1) Procure and maintain computer equipment and software (desktop, laptop, handheld, server, local area network, firewall, wide area network, etc.); and (2) Provide technical support to Department employees. These individuals also comprise the Department's IT Recovery Team which, in the event of an emergency situation, is responsible for recovery of the Department's IT infrastructure and recovery and restoration of data and voice communications.



From left to right (1st row): Marilyn Harris, Sheila Ball, Reneé Martin
From left to right (2nd row): Felicia Hedgebeth, Carol Hyde, Charlene Haynie
From left to right (3rd row): Susan Brown, Denise Brown, Kaushik Mehta

SUMMARY OF ACTIVITIES

FOR STATE-CHARTERED FINANCIAL INSTITUTIONS
AND OTHER ENTITIES REGULATED BY, LICENSED BY, OR REGISTERED
WITH THE DEPARTMENT OF BANKING AND FINANCE DURING 2011

FINANCIAL INSTITUTION, REGISTRANT, OR LICENSEE	Totals 12/31/2010	Opened Registered Licensed	Converted	Merged	Closed Liquidated Deregistered	Totals 12/31/2011
BANKS	221	0	0	0	-22	199
TRUST COMPANIES	1	0	0	0	0	1
CREDIT UNIONS	61	0	2	-3	0	60
BANK HOLDING COMPANIES (Supervised and/or Registered)	241	5	0	0	-19	227
CHECK SELLERS	23	2	2	0	0	27
MONEY TRANSMITTERS	83	9	-2	0	-9	81
CHECK CASHERS	1,005	180	0	0	-159	1,026
INTERNATIONAL BANK AGENCIES	1	0	0	0	0	1
INTERNATIONAL BANKING FACILITIES	1	0	0	0	0	1
INTERNATIONAL BANK REPRESENTATIVE OFFICES	2	0	0	0	0	2
REPRESENTATIVE OFFICES	50	13	0	0	-14	49
MORTGAGE BROKERS, LENDERS, REGISTRANTS AND ORIGINATORS	5,471	1,856	0	0	-856	6,471



*Our Motto is: "Safeguarding Georgia's
Financial Services"*

*Our Mission is to promote safe, sound, competitive
financial services in Georgia through innovative,
responsive regulation and supervision.*

*Our Vision is to be the best financial services industry
regulator in the country – Progressive. Proactive.
Service-Oriented.*

Visit us on the web at:

<http://dbf.georgia.gov>

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