

Office of State Budget and Management
Establish New, Receipt-Supported Positions
(G.S. 143-34.1)

Agency: Commerce **Division:** Banking Commission

-

Budget Code: 24600 **Center Title:** State Banking Commission **Center Number:** 2811

***** Position Information *****

Proposed Classification: Bank Examiner I **Proposed Salary Grade:** 74

Salary Range: \$37,773-59,658 **Proposed Effective Date:** 1 / 1 / 04

Number of Positions: 2

	<u>Center Authorized Budget</u>	<u>Current Request</u>
Total Budget	\$ 2,959,335.08	\$ 135,866
Receipts	<u>4,742,318.03</u>	<u>135,866</u>
Fund Balance	\$ 1,784,226.61	\$

Funding Source(s):

Justification for Position (including description of duties and responsibilities):

The Commissioner of Banks regulates and supervises financial services industries under Chapter 53, 54B, and 54C of the General Statutes of North Carolina.

There are several major developments within the industries regulated by the Office of the Commissioner of Banks that have increased the complexity and demanded the need for additional bank examiner staff for safety and soundness. Recent federal legislation has greatly expanded our regulatory oversight responsibilities as well. The passage of the Graham-Leach-Bliley Act, the USA PATRIOT Act, and the Sarbanes-Oxley Act all affect our financial institutions and require new development of new monitoring and examining systems.

With the Mortgage Lending Act passing in 2002, it is now mandatory to license individuals who originate loans for mortgage banker/broker offices, as well as the companies. This legislation requires the Office of the Commissioner of Banks to enforce new laws that protect the public from unscrupulous mortgage industry participants. "This new licensing statute makes it possible to track individuals, penalize their misconduct, and hold them to a higher standard of practice. It is a second very important step in protecting the home equity of North Carolina consumers."

In order to complete the mission stated above additional staff is required. Presently, there are fourteen positions assigned to the newly established mortgage division to manage the implementation of the mortgage licensing process. This includes the ongoing process of reviewing individual and company applications for approval therefore, credit reports and criminal background checks are completed on all affected. Educational requirements are also mandatory for licensing approval. With those areas being addressed, management is now in the developing stages of the examination process.

- 581 Licensed Lenders, with an additional 1203 branch offices
 - 756 Licensed Companies, with an additional 400 branch offices
- 10,763 Licensed Loan Officers

Obviously, current staffing will be inadequate to handle the continued challenges of the Office of the Commissioner of Banks. Management is requesting the following positions to support the success of this Commission.

(1) Bank Examiner I/PG74 – **need 2 (budgeted at max. \$59,658 x 2 = \$119,316)**

This would be an entry level position handling lower level field examination duties in the Consumer Industries Division, including the examination of consumer finance companies, check casher licensees, money transmitters, refund anticipation loans, and reverse mortgage lenders. The USA PATRIOT Act has added new responsibilities to our enforcement procedures in some of these industries, necessitating the addition of new examiner positions in the Consumer Industry Divisions. These entry-level positions would find a career path in the Consumer Industry Division and Mortgage Division.

Statutory Reference for Request
G.S. 53 and 54

Robin D. Pasquarello

Presentation to be made by

Chief Fiscal Officer, Commerce

Title

Asst. Sec. Denise A. Sessoms
Agency Head Signature

State Budget Officer Signature