

# Compendium of Budget Information for the 2014 General Session

## Business, Economic Development, and Labor Appropriations Subcommittee

### Agency: Financial Institutions

#### *Function*

The department's primary activity is the examination of depository institutions for safety, soundness, and compliance with applicable state and federal laws and rules. In the case of depository institutions, its statutory charge is to charter, regulate, supervise and safeguard the interest of shareholders, members, depositors, and borrowers, through on-site examinations and remedial action orders.

Specialty examinations are performed at each depository institution and, if the financial condition of a depository institution requires it, semi-annual or quarterly follow-up examinations are performed to review its current financial condition.

Only state-chartered institutions fall under the jurisdiction of the department.

The Department of Financial Institutions regulates state-chartered deposit taking institutions including:

- banks,
- credit unions, and
- industrial banks.

The department also regulates:

- third-party payment providers,
- independent escrow companies,
- check cashers,
- deferred deposit (payday) lenders,
- title lenders,
- mortgage loan servicers, and
- consumer credit lenders.

#### *Statutory Authority*

For persons or entities that provide financial services to the public, the department's statutory requirement is that consumer credit terms be lawful, easily understood, and fully disclosed. The following statutory references govern Utah's financial institutions and can be found in the Utah Code Annotated in the following places:

- UCA-7-1 through 24 is the Financial Institutions Act which includes Depository Institutions, general provisions for regulating commercial banks, trusts, industrial banks, credit unions, and trusts.
- UCA-22-1 through 6 regulates Fiduciaries and Trusts.
- UCA- 70C, chapters 1 through 8 is the Utah Consumer Credit Code.
- UCA-70D, chapters 1 through 3 is the Financial Institution Mortgage Financing Regulation Act.
- UCA-76-6, sections 1201 through 1204 is the Utah Mortgage Fraud Act.

### ***Funding Detail***

The Department of Financial Institutions is funded solely with restricted revenue which is derived primarily through assessments on the financial institutions it regulates.

***Table 1: Operating and Capital Budget Including Expendable Funds and Accounts***

| Sources of Finance                     | 2013<br>Actual     | 2014<br>Approp     | 2014<br>Change  | 2014<br>Revised    | 2015<br>Change   | 2015<br>Approp     |
|--|--------------------|--------------------|-----------------|--------------------|------------------|--------------------|
| GFR - Financial Institutions           | \$6,384,500        | \$6,538,500        | \$0             | \$6,538,500        | \$491,200        | \$7,029,700        |
| GFR - Financial Institutions, One-time | \$157,600          | \$44,800           | \$13,400        | \$58,200           | \$1,000          | \$59,200           |
| Lapsing Balance                        | (\$358,600)        | \$0                | \$0             | \$0                | \$0              | \$0                |
| <b>Total</b>                           | <b>\$6,183,500</b> | <b>\$6,583,300</b> | <b>\$13,400</b> | <b>\$6,596,700</b> | <b>\$492,200</b> | <b>\$7,088,900</b> |

| Line Items                            | 2013<br>Actual     | 2014<br>Approp     | 2014<br>Change  | 2014<br>Revised    | 2015<br>Change   | 2015<br>Approp     |
|---------------------------------------|--------------------|--------------------|-----------------|--------------------|------------------|--------------------|
| Financial Institutions Administration | \$6,183,500        | \$6,583,300        | \$13,400        | \$6,596,700        | \$492,200        | \$7,088,900        |
| <b>Total</b>                          | <b>\$6,183,500</b> | <b>\$6,583,300</b> | <b>\$13,400</b> | <b>\$6,596,700</b> | <b>\$492,200</b> | <b>\$7,088,900</b> |

| Categories of Expenditure | 2013<br>Actual | 2014<br>Approp | 2014<br>Change | 2014<br>Revised | 2015<br>Change | 2015<br>Approp |
|---------------------------|----------------|----------------|----------------|-----------------|----------------|----------------|
|---------------------------|----------------|----------------|----------------|-----------------|----------------|----------------|

|                     |             |             |          |             |            |             |
|---------------------|-------------|-------------|----------|-------------|------------|-------------|
| Personnel Services  | \$5,128,300 | \$5,421,900 | \$13,400 | \$5,435,300 | \$594,500  | \$6,029,800 |
| In-state Travel     | \$157,800   | \$172,700   | \$0      | \$172,700   | (\$11,800) | \$160,900   |
| Out-of-state Travel | \$169,300   | \$197,200   | \$0      | \$197,200   | (\$66,500) | \$130,700   |
| Current Expense     | \$488,200   | \$616,600   | \$0      | \$616,600   | (\$49,100) | \$567,500   |
| DP Current Expense  | \$239,900   | \$174,900   | \$0      | \$174,900   | \$25,100   | \$200,000   |
| Total               | \$6,183,500 | \$6,583,300 | \$13,400 | \$6,596,700 | \$492,200  | \$7,088,900 |

| Other Indicators | 2013<br>Actual | 2014<br>Approp | 2014<br>Change | 2014<br>Revised | 2015<br>Change | 2015<br>Approp |
|------------------|----------------|----------------|----------------|-----------------|----------------|----------------|
| Budgeted FTE     | 53             | 53             | 0              | 53              | 3              | 56             |
| Actual FTE       | 52             | 0              | 0              | 0               | 0              | 0              |

COBI contains unaudited data as presented to the Legislature by state agencies at the time of publication. For audited financial data see the State of Utah's Comprehensive Annual Financial Reports.