



Quarter

Newsletter of the Pennsylvania Department of Banking



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Office of the Secretary of Banking



Preparing for Recovery and the "New Normal"

By **Glenn E. Moyer**, Secretary of Banking

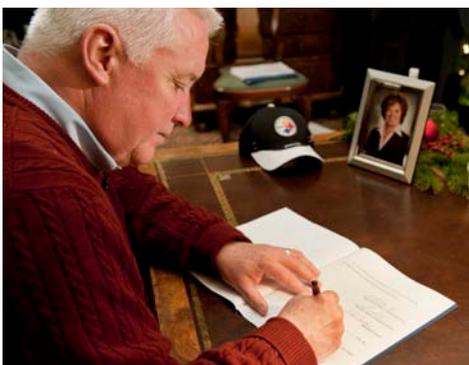
Since joining the Department of Banking in April, business groups and individuals around Pennsylvania have been asking me about the outlook for business and the role that the financial services industry can play in our economic recovery. Although I believe our country has emerged from the worst of these economic struggles, Pennsylvania's financial services industries still face serious challenges. [Learn more](#)



New Client Service Launched

The Department of Banking has established a new business unit, the Office of Client Financial Services, which is designed to provide proactive outreach to Pennsylvania's financial services companies.

[Learn more](#)



Governor Signs Amendment to Banking Code

In late December, Governor Tom Corbett signed into law an amendment to the Banking Code of 1965 that further provides for names permitted to be used by banking institutions under the state charter.

[Learn more](#)

In This Issue

- 2 **Preparing for Recovery and the "New Normal"**
by Glenn E. Moyer
- 3 **Governor Signs Banking Code Amendment**
- 3 **New Consumer Brochure**
- 4 **Department Announces Client Financial Services**
- 6 **Siwy Named Acting Deputy Secretary**
- 6 **Compliance Corner**
- 7 **Three Banks Convert to State Charter**
- 7 **New Driver License Security**
- 8 **Who We Regulate and License**
- 8 **Research Quarter**

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Preparing for Recovery and the “New Normal”

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

Since joining the Department of Banking in April, business groups and individuals around Pennsylvania have been asking me about the outlook for business and the role that the financial services industry can play in our economic recovery.

Although I believe our country has emerged from the worst of these economic struggles, Pennsylvania’s financial services industries still face serious challenges.

Business and consumer lending is spotty and inconsistent. The pipelines for lending are weak. Some would say that the pipelines are weak because lenders do not want to lend. I would say that lenders are anxious to lend but the current lending environment is highly influenced by uncertainty among businesses. When you have such a high level of uncertainty, the response is to sit tight and see what happens. This is not good for our economy. Anything that we can do – collectively or individually – to eliminate the sit-tight-and-see mentality will be helpful for the lending environment.

One area where we are experiencing very little of this “sit tight” mentality is the development of the Marcellus Shale. From a financial services perspective, the lending environment is expanding from our traditional centers of commerce – southeast and southcentral Pennsylvania and the Pittsburgh metropolitan area – to include regions that have historically received little attention, such as the northern tier and southwest Pennsylvania. No one in Pennsylvania should ignore the fact that we are sitting on top of the second largest natural gas field in the world. No matter how you feel about this issue, you cannot ignore the economic impact of the natural gas development: it will be felt across Pennsylvania, and financial services professionals everywhere need to pay attention and be open to opportunities presented by the shale.

Our economy may take several years to recover. Financial services providers need to focus on strategically positioning themselves for the transition from economic recovery into what many are calling the “new normal,” where old business models and assumptions will be challenged.

In the new normal, we know that loan demand *will* start growing, and the housing market *will* find a bottom and begin to rise again. Those in financial services are going to be challenged to move from “survival” mode to “thrive” mode. This is a challenge to owners, directors, management and staff as they review mission, vision and actionable strategies. I believe the “best-of-the-best” *will* find a way to thrive and emerge from the recession improved and permanently changed.

As we move forward together to address Pennsylvania’s economic and financial challenges and opportunities, I urge businesses to avoid overreach in order to attain growth or income. Lowering underwriting standards or competing on price may yield short term results, but it is not a sustainable strategy over time...our current economic climate has taught us that much!

Operating by traditional, conservative Pennsylvania business principles and practices has allowed our financial services community to avoid most of the blistering effects that the recession

Continued



has inflicted on many other states. I expect that maintaining these principles and practices will sustain and guide Pennsylvania's financial services companies through our economic recovery.

The Department of Banking wants the financial services community to succeed! Its success is important for businesses, customers, neighborhoods and our Pennsylvania economy. Along with the Corbett Administration and the clients we regulate and license, the Department of Banking will work to help create a competitive, healthy and fair business environment that works for everybody.

Stay tuned: We at the Department of Banking understand that the financial services companies we supervise are undergoing significant changes that will affect our own business operations. We currently are undergoing an agencywide strategic review. I look forward to sharing an update with you in our next issue.



Governor Signs Amendment to Banking Code into Law

Governor Tom Corbett signed SB1335, an amendment to the Banking Code of 1965, into law in late December. One notable feature of the amended law will allow banks with "National" or "Federal" in their names to seek a state charter without having to undergo a significant name change and major rebranding, by simply using an abbreviation such as "Nat" or "Fed."

For example "Fourth Federal Bank" could become "Fourth Fed Bank" under a state charter. "We believe this kind of name update will limit confusion and possible concern for the customers of a bank seeking a charter conversion," says Secretary of Banking Glenn E. Moyer.



New Consumer Brochure: "Home Ownership in Tough Times"

The Department of Banking is offering a new consumer information brochure for homeowners who are living with the prospect of losing their homes. The brochure discusses four steps every homeowner should consider to help them keep their home or find a way to move out of their home without creating additional financial woes. The brochure also discusses other options, including government assistance, ramifications of short sales, as well as pointing to resources and offering advice on how to avoid financial disasters. Copies of the brochure can be ordered through the department's Communications and Press Office (717.783.4721 or enovak@pa.gov).





CFS

Department Announces Office of Client Financial Services as 'Relationship Manager'

The Department of Banking has established a new business unit, the Office of Client Financial Services, which is designed to provide proactive outreach to Pennsylvania's financial services companies.

The Client Financial Services team works in six geographic regions, staffed by "Area Executives" who are knowledgeable about the Department of Banking and the financial services industries under the department's supervision. The area executives provide business advisory services and address regulatory feedback as they work to retain and grow the number of financial services companies under the department's supervision, including banks and credit unions, mortgage lenders and brokers, and other companies engaged in consumer lending.

"The Corbett Administration understands that the marketplace and economy have changed dramatically and that the Department of Banking must adapt to help Pennsylvania businesses regain their financial footing and expand their prosperity," said Secretary of Banking Glenn E. Moyer. "I am confident that the six leaders we have chosen to launch and staff this initiative will create strong ties between the department and 'job creators' in their respective regions."

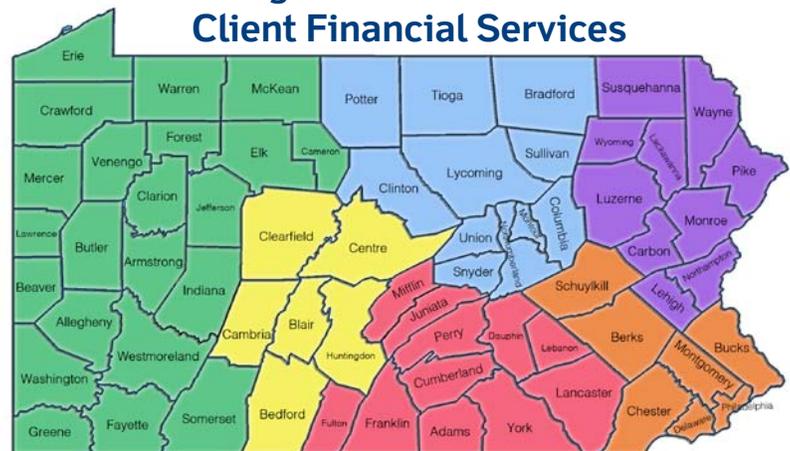
The Client Financial Services team is comprised of: Kevin Pyle, Donna Riling and Dick Moriarty, who had served the department in economic development capacities; Rosemary Garland, who had served the department as a banking examiner, Becky MacDicken, who had served as a financial educator and Felix Zorrilla, who has worked in mortgages, credit cards and student finance in the private sector.

"When one of our area executives calls upon a financial service executive, I want that person to consider their efforts a direct extension of my outreach efforts," notes Moyer. "Our area executives are going to be my 'eyes and ears' in the financial services community across Pennsylvania."

Continued



Regional Structure of Client Financial Services



Regional Client Financial Services structure and staff responsibilities are broken down as follows:



- **Southeast PA (Kevin Pyle):** Berks, Bucks, Chester, Delaware, Montgomery, Philadelphia and Schuylkill counties

Ph. 610.916.6807 **Fx.** 610.916.6810 **Em.** kevpyle@pa.gov
Reading Office - 4641 Pottsville Pike, Suite B-107, Reading, PA 19605



- **Western PA (Donna Riling):** Allegheny, Armstrong, Beaver, Butler, Cameron, Clarion, Crawford, Elk, Erie, Fayette, Forest, Greene, Indiana, Jefferson, Lawrence, McKean, Mercer, Somerset, Venango, Warren, Washington, and Westmoreland counties

Ph. 412.680.1552 **Fx.** 412.565.2863 **Em.** driling@pa.gov
Pittsburgh Office - 11 Stanwix Street, Suite 340 Pittsburgh, PA 15222



- **Central PA (Dick Moriarty):** Bedford, Blair, Cambria, Centre, Clearfield, and Huntingdon counties

Ph. 717.982.2455 **Fx.** 610.916.6810 **Em.** rmoriarty@pa.gov
Reading Office - 4641 Pottsville Pike, Suite B-107, Reading, PA 19605



- **Northcentral PA (Felix Zorrilla):** Bradford, Clinton, Columbia, Lycoming, Montour, Northumberland, Potter, Snyder, Sullivan, Tioga and Union counties

Ph. 717.265.6198 **Fx.** 412.565.2863 **Em.** fzorrilla@pa.gov
Pittsburgh Office - 11 Stanwix Street, Suite 340 Pittsburgh, PA 15222



- **Northeast PA (Rosemary Garland):** Carbon, Lackawanna, Lehigh, Luzerne, Monroe, Northampton, Pike, Susquehanna, Wayne and Wyoming counties

Ph. 717.319.3541 **Fx.** 610.916.6810 **Em.** rogarland@pa.gov
Reading Office - 4641 Pottsville Pike, Suite B-107, Reading, PA 19605



- **Southcentral PA (Becky MacDicken):** Adams, Cumberland, Dauphin, Franklin, Fulton, Juniata, Lancaster, Lebanon, Mifflin, Perry and York counties

Ph. 717.439.2039 **Fx.** 412.565.2863 **Em.** bmacdicken@pa.gov
Pittsburgh Office - 11 Stanwix Street, Suite 340 Pittsburgh, PA 15222





Siwy Named Acting Deputy Secretary

Tim Siwy has been named Acting Deputy Secretary for Non-Depository Institutions. He joined the Department of Banking in May of 2006 as a Special Investigator, was promoted to chief of the Licensing Division and subsequently named director of the Bureau of Compliance, Investigation and Licensing.

"Tim has served as a strong, fair regulator," said Secretary of Banking Glenn E. Moyer. "He has expertly guided the agency through the implementation of the Nationwide Mortgage Licensing System, the federal SAFE Act transition and Pennsylvania's statutory changes to the mortgage laws."

Siwy previously served in the U.S. Army Criminal Investigation Command, and thereafter with a major global insurer and a large federal defense contractor. He will continue his role as director for the Bureau of Compliance and Licensing in addition to this new appointment consistent with the department's streamlined management approach.



COMPLIANCE CORNER

Quarterly Report on Enforcement Actions

The Department of Banking's Bureau of Compliance and Licensing took 99 enforcement actions during the fourth quarter of 2011.

The department issued 59 orders against companies for statutory violations resulting in fines of \$325,900. Among the 59 orders:

- Six companies were engaged in unlicensed mortgage loan origination activity;
- Eleven companies were engaged in unlicensed mortgage loan modification activity;
- Thirteen companies were engaged in other unauthorized mortgage loan activity;
- Twenty-eight companies were engaged in various other unauthorized, non-mortgage related activity; and
- The department prohibited one individual from engaging in the mortgage business in Pennsylvania.

In addition, the department suspended 39 mortgage originator licenses and suspended one institution from engaging in mortgage business in Pennsylvania

If you have questions about compliance issues, please contact the Licensing Division at telephone number (717) 787-3717. You may also contact the NMLS call center at (240) 386-4444.





Department Welcomes Three Banks to State Charter

The Department of Banking converted three federally chartered depository institutions to the Pennsylvania state charter in the fourth quarter of 2011:

- Riverview National Bank, Perry County, converted from a national banking association to a state-chartered bank now known as Riverview Bank.
- First National Bank of Liverpool, Perry County, converted from a national bank to a state-chartered bank now known as Liverpool Community Bank.
- First National Bank of Palmerton, Carbon County, converted from a national bank to a state-chartered bank now known as First Northern Bank & Trust.

"We welcome these banks and saving associations to the department, and we appreciate the confidence that their board and management teams have shown by electing to hold a state charter," remarked Secretary of Banking Glenn E. Moyer. "We anticipate the announcement of more conversions in 2012."

Earlier in 2011, Cresson Community Bank and Univest converted to the Pennsylvania state charter.

Pennsylvania Adopts New Driver License Security Feature

The Pennsylvania Department of Transportation has deployed a new security hologram that makes it easier to spot fake drivers' licenses and identification cards. Pennsylvania is the first state in the nation to use this enhanced security feature. The new hologram suppresses the "rainbow" colors normally associated with holographic images. The result is a hologram that appears to switch between white and black as the image is moved. Also, because the new image is of a much higher resolution, it is clearly visible in bright, moderate and even low-light environments. This state-of-the-art technology is added to an array of security features including a holographic overlay of county names and keystone outlines already embedded in current license and ID cards. For more information and to see an example of the new security feature, visit PennDOT's Driver and Vehicle Services website at www.dmv.state.pa.us and click on Identity/Security.

WHAT IS IT AND WHAT DOES IT LOOK LIKE?

The new security feature is a black and white hologram, wherein "PA" sits inside the Keystone symbol surrounded by a circle.



Who Do We Regulate and License?



BANKING INSTITUTIONS

Banks	52
Bank and Trust Companies	41
Nondeposit Trust Companies	18
Savings Banks	47
Private Banks	1
Foreign Bank Offices	0

SAVINGS ASSOCIATIONS

4

CREDIT UNIONS

62

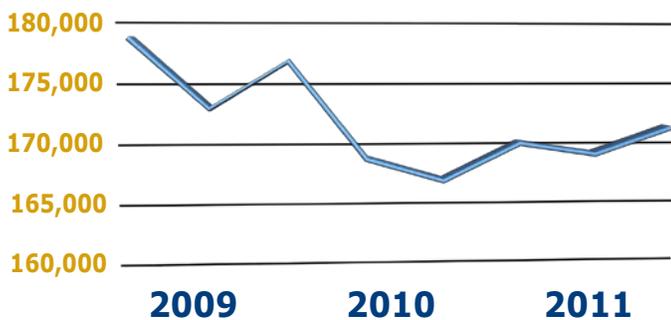
As of November 30, 2011

LICENSEES (Including Branch Locations)

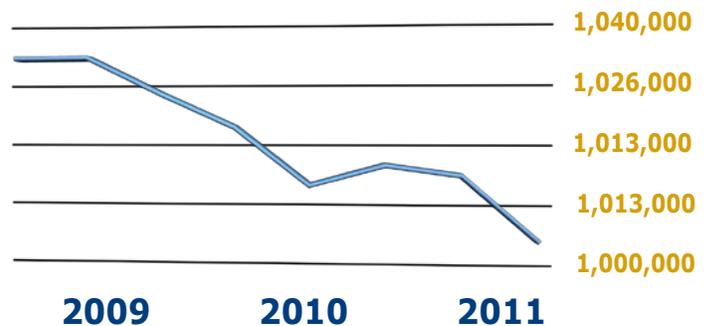
Accelerated Mortgage Payment Providers	1
Check Cashers	581
Collector-Repossessors	221
Consumer Discount Companies	50
Credit Services Loan Brokers	20
Debt Management (DM)	443
Debt Management Services (DL)	75
Mortgage Brokers	669
Mortgage Discount Companies	259
Mortgage Lenders	843
Mortgage Loan Correspondent	65
Mortgage Originator	7,406
Mortgage Originator - Sole Proprietor	207
Installment Sellers	2,745
Money Transmitters	49
Retail Grocery Store Check Casher	458
Pawnbrokers	63
Sales Finance Companies	758

RESEARCH QUARTER

Subprime Fixed Mortgages Serviced in PA



Prime Fixed Mortgages Serviced in PA



Data Source: Mortgage Bankers Association

If you have any questions or comments, or would like to view previous editions of "The Quarter" click the icon.

