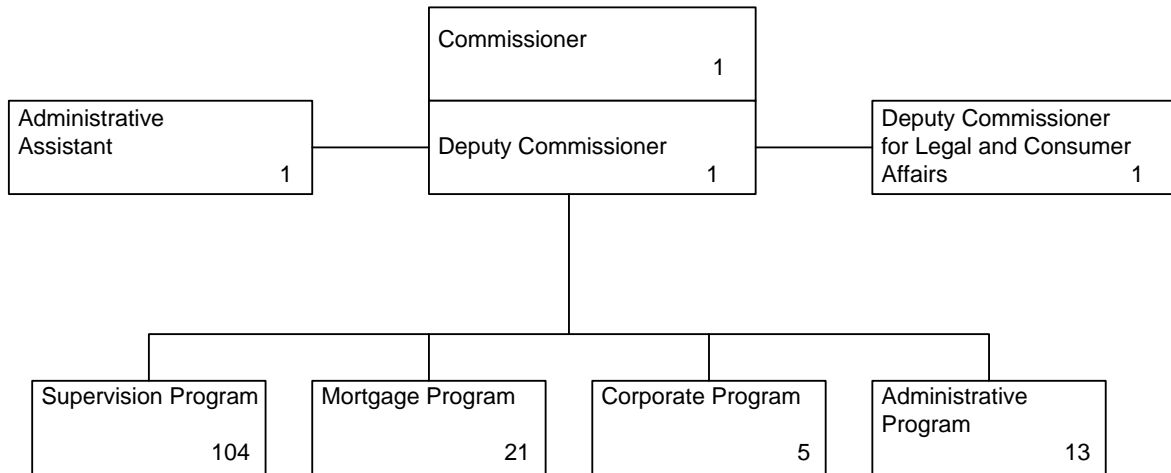


DEPARTMENT OF BANKING AND FINANCE

Total Budgeted Positions -- 147



DEPARTMENT OF BANKING AND FINANCE
Financial Summary

Expenditures, Current Budget, and Agency Requests

| Budget Classes / Fund Sources | FY 2000 Expenditures | FY 2001 Expenditures | FY 2002 Current Budget | FY 2003 Agency Requests | | |
|-------------------------------|-------------------------|-------------------------|---------------------------|-------------------------|------------------|---------------------|
| | | | | Adjusted Base | Enhancements | Totals |
| Personal Services | \$8,333,131 | \$8,661,513 | \$9,535,292 | \$9,391,008 | \$223,408 | \$9,614,416 |
| Regular Operating Expenses | 468,376 | 480,451 | 472,000 | 458,132 | | 458,132 |
| Travel | 423,376 | 484,527 | 475,103 | 475,103 | | 475,103 |
| Motor Vehicle Purchases | 114,111 | 110,129 | 125,833 | 125,833 | | 125,833 |
| Equipment | 18,927 | 34,911 | 34,347 | 8,347 | | 8,347 |
| Computer Charges | 281,289 | 315,749 | 309,790 | 317,535 | | 317,535 |
| Real Estate Rentals | 423,995 | 467,223 | 487,056 | 519,179 | | 519,179 |
| Telecommunications | 75,036 | 96,152 | 94,392 | 94,392 | | 94,392 |
| Per Diem and Fees | 13,374 | 12,963 | 13,435 | 13,435 | | 13,435 |
| Total Funds | \$10,151,615 | \$10,663,618 | \$11,547,248 | \$11,402,964 | \$223,408 | \$11,626,372 |
| TOTAL STATE FUNDS | \$10,151,615 | \$10,663,618 | \$11,547,248 | \$11,402,964 | \$223,408 | \$11,626,372 |
| Positions | 138 | 146 | 147 | 147 | | 147 |
| Motor Vehicles | 52 | 52 | 52 | 52 | | 52 |

DEPARTMENT OF BANKING AND FINANCE
Financial Summary

Current Budget and Governor's Recommendations

| Budget Classes / Fund Sources | FY 2002 Current Budget | FY 2003 Governor's Recommendations | | | | Totals |
|-------------------------------|---------------------------|------------------------------------|----------------------|---------------------|--------------|---------------------|
| | | Annualizers and Adjustments | Budget Reductions | Adjusted Base | Enhancements | |
| Personal Services | \$9,535,292 | (\$193,087) | (\$209,163) | \$9,133,042 | | \$9,133,042 |
| Regular Operating Expenses | 472,000 | (13,868) | (64,107) | 394,025 | | 394,025 |
| Travel | 475,103 | | (54,250) | 420,853 | | 420,853 |
| Motor Vehicle Purchases | 125,833 | | (70,393) | 55,440 | | 55,440 |
| Equipment | 34,347 | (26,000) | (6,000) | 2,347 | | 2,347 |
| Computer Charges | 309,790 | 7,745 | (109,557) | 207,978 | | 207,978 |
| Real Estate Rentals | 487,056 | 32,123 | | 519,179 | | 519,179 |
| Telecommunications | 94,392 | 34,749 | (4,800) | 124,341 | | 124,341 |
| Per Diem and Fees | 13,435 | | (3,000) | 10,435 | | 10,435 |
| Total Funds | \$11,547,248 | (\$158,338) | (\$521,270) | \$10,867,640 | | \$10,867,640 |
| TOTAL STATE FUNDS | \$11,547,248 | (\$158,338) | (\$521,270) | \$10,867,640 | | \$10,867,640 |
| Positions | 147 | | | 147 | | 147 |
| Motor Vehicles | 52 | | | 52 | | 52 |

DEPARTMENT OF BANKING AND FINANCE

Budget Summary

Governor's
Recommendations

ADJUSTMENTS TO CURRENT BUDGET

| | |
|---|--------------|
| FY 2002 STATE APPROPRIATIONS | \$11,547,248 |
| Annualizers: | |
| 1. Annualize the cost of the FY 2002 salary adjustment. | 83,931 |
| 2. Increase telecommunications for on-line access to the Internet for all department locations | 34,749 |
| Other Adjustments: | |
| 3. Reduce personal services to reflect the 4.09 percentage point reduction to the employer contribution rate for the Employees' Retirement System. | (277,018) |
| 4. Transfer \$6,123 from regular operating expenses to real estate rents. | Yes |
| 5. Transfer \$26,000 from equipment to real estate rents. | Yes |
| 6. Transfer \$7,745 from regular operating expenses to computer charges \$7,745. | Yes |
| Budget Reductions: | |
| 7. Reduce personal services. | (209,163) |
| 8. Reduce regular operating expenses (\$64,107), equipment (\$6,000), computer charges (\$109,557), travel (\$54,250), telecommunications (\$4,800), and per diem and fees (\$3,000). | (241,714) |
| 9. Reduce motor vehicle purchases. | (70,393) |
| ADJUSTED BASE | \$10,867,640 |
| TOTAL FY 2003 STATE FUNDS | \$10,867,640 |

RECOMMENDED APPROPRIATION: The Department of Banking and Finance is the budget unit for which the following State Fund Appropriation is recommended for FY 2003: \$10,867,640.

DEPARTMENT OF BANKING AND FINANCE

Roles and Responsibilities

The Department of Banking and Finance enforces and administers all state laws, rules and regulations governing the operation of state-chartered financial institutions in Georgia.

The department provides for:

- Safe and sound operation of financial institutions.
- Public confidence in our financial institutions.
- Protection for the interests of the depositors, creditor and shareholders of financial institutions.
- Service by financial institutions responsive to the convenience and needs of the public.
- Appropriate competition among all financial institutions to promote economic growth.

The Department of Banking and Finance is 100 percent state funded. However, the department's budget is equal to the estimate of examination and administrative fees collected by the department and deposited into the State Treasury. As of July 1, 2001, the department was authorized 147 positions in 4 divisions and the Commissioner's Office. The divisions include the Financial Institutional Supervision Division, the Georgia Residential Mortgage Division, the Corporate Division, and the Administrative Division.

To accomplish its objectives, the department has 3 principal functions:

- Supervise and regulate financial institutions.
- License mortgage brokers and lenders.
- Conduct examinations of financial institutions and mortgage brokers and lenders as required by law.

SUPERVISION AND REGULATION

The department has the authority to adopt rules and regulations regarding the operation of financial institutions to:

- Allow state-chartered financial institutions to compete fairly with those chartered by the federal government, other states, or foreign governments.
- Protect Georgia financial institutions threatened by economic conditions or new technological developments.

The Department of Banking and Finance is responsible for regulating and monitoring the condition of 268 state-chartered banks, 80 credit unions, 237 Georgia holding companies, 6 international bank agencies, and 315 check sale and check cashing companies.

LICENSING AND REGISTRATION

Article 13 of Title 7 of the Official Code of Georgia Annotated requires mortgage lenders and mortgage brokers to be licensed or registered with the department in order to transact business in Georgia. As of June 30, 2001, 2,851 mortgage brokers and lenders were licensed with the department. The department also conducts investigations and resolves consumer complaints regarding residential mortgage lending.

FINANCIAL EXAMINATIONS

The department is responsible for examining all financial institutions--except mortgage lenders/brokers--under its regulation at least once each year. Mortgage lenders/brokers are to be examined at least once every 24 months. Exceptions to these examination frequencies are allowed under specific conditions as provided by law. If necessary, the department may require extra reports and conduct additional examinations to obtain essential information. The department is authorized to issue and enforce orders requiring financial institutions to correct unacceptable conditions discovered through financial examinations. During 2001, the department conducted 382 examinations, including 120 banks, 63 credit unions, 165 mortgage broker/lenders, and 34 others.

OTHER RESPONSIBILITIES

Other responsibilities of the department include approval of all proposals to incorporate as a state-chartered financial institution, approval of all attempts to change existing articles of incorporation, and approval of all mergers and consolidations of financial institutions. Also, the department investigates possible violations of state interest and usury laws. In consultation with the Attorney General, it may issue advisory opinions for the guidance of financial institutions.

AUTHORITY

Title 7 of the Official Code of Georgia Annotated.

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