



Ohio

Annual Report FY 2010

**Ted Strickland, Governor
Kimberly A. Zurz, Director**

**Ohio Department of Commerce
2010 Annual Report**

www.com.ohio.gov



Ohio

Governor Strickland, Members of the Ohio General Assembly and Citizens of Ohio:

I am pleased to present the Ohio Department of Commerce's annual report for Fiscal Year 2010. This report highlights the Department's accomplishments as an economic driver for our state. Through our focus on fair and efficient regulation of the more than two dozen industries we license and regulate, the Commerce Team worked diligently in FY 2010 to keep Ohio business moving.

Our focus on improving efficiency led to results in every Division. At the administrative level, the Department implemented large scale consolidation efforts in the Information Technology Group and the Fiscal Office. Within the Divisions, we focused on instituting electronic submission of building plans and streamlining licensing and application processes.

The Department also worked in FY 2010 to assist the state's businesses by decreasing our turnaround times -- whether it's offering next "business day" inspections for construction projects by the Division of Industrial Compliance and Labor or three-day processing for real estate licenses through the Division of Real Estate & Professional Licensing. We strive to keep projects moving and to help new businesses get up and running.

As a result of our efficient operations, the Division of Liquor Control contributed \$167 million to the General Revenue Fund in FY 2010 as well as \$143.5 million to help fund a variety of state services. The Division of Unclaimed Funds streamlined its claims review process and there is no backlog of claims waiting to be paid. We were also pleased to work with our largest state-chartered financial institution as Fifth Third Bank of Grand Rapids, Michigan and Fifth Third Bank NA of Nashville, Tennessee merged into Ohio-chartered Fifth Third Bank of Cincinnati.

Beyond supporting our licensed entities, the Department of Commerce is committed to educating and assisting Ohio's citizens. We were focused in FY 2010 on educating homeowners to take action through Save the Dream Ohio to save their home from foreclosure. The Division of Securities implemented its "Con Artist" campaign to encourage Ohioans to be aware of potential con artists in their life. Additionally, the Division of State Fire Marshal's fire safety educators taught more than 48,500 Ohioans valuable fire safety lessons.

The staff of the Ohio Department of Commerce is proud of these accomplishments in FY 2010 as we look for new ways to support our licensees, serve our citizens and strengthen our state's economy in the coming year.

Sincerely,

Kimberly A. Zurz

Kimberly A. Zurz, Director
Ohio Department of Commerce

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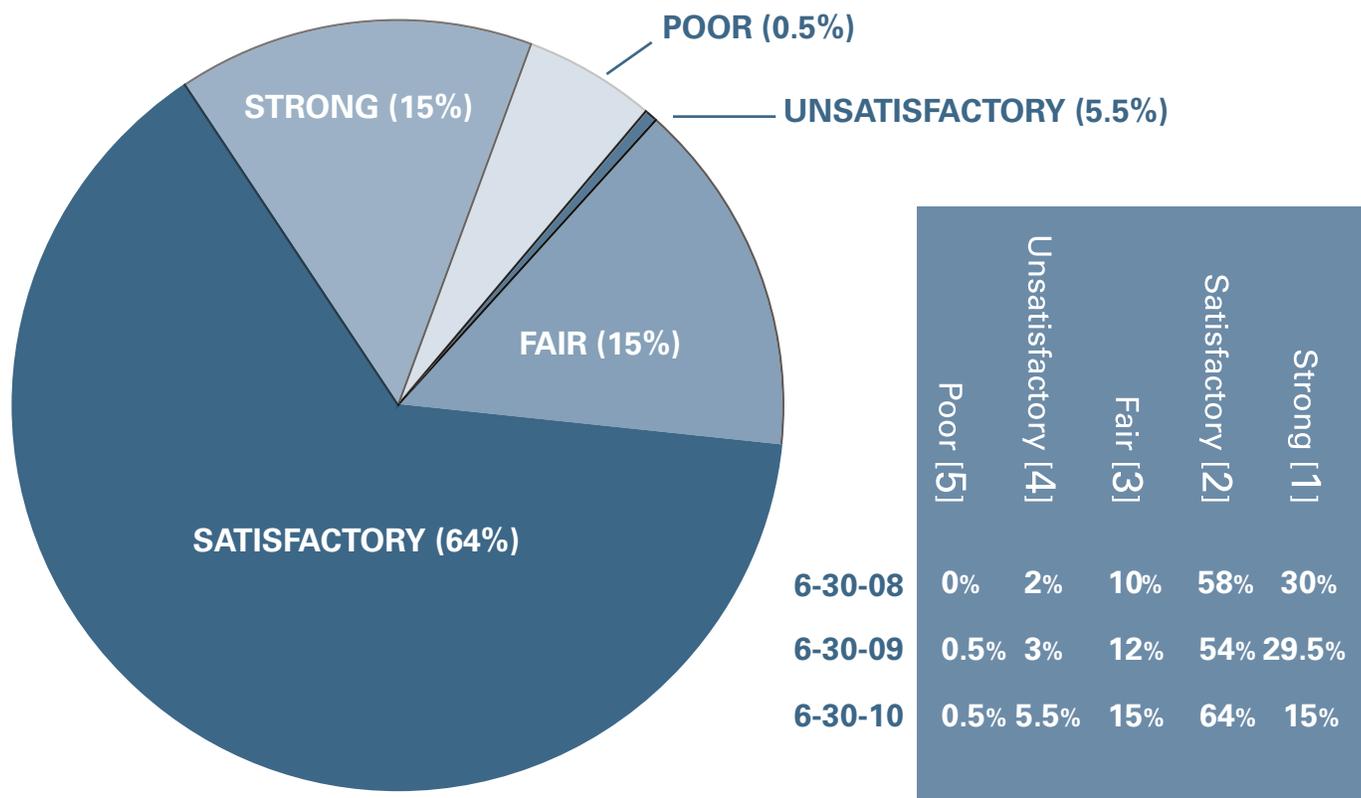
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DIVISION OF FINANCIAL INSTITUTIONS

The Division of Financial Institutions regulates Ohio's state-chartered depository institutions and non-depository financial service providers. The Division is responsible for the examination, supervision, and regulation of Ohio-chartered banks, savings & loan associations and savings banks, credit unions, money transmitters and trust companies. It is also responsible for licensing check cashers, credit service organizations, mortgage brokers, loan originators, mortgage loan act lenders, mortgage loan originators, pawnbrokers, precious metals dealers, premium finance companies, short-term lenders, and small loan act lenders.

The Division of Financial Institutions provides regulatory supervision over 319 Ohio-chartered depository institutions, ensuring they operate in a safe and sound manner. Through the Division's examinations and monitoring processes, these institutions are evaluated based on their Capital, Asset Quality, Management, Earnings, Liquidity. In the case of banks, savings and loan associations, and savings banks, they are also evaluated based on Sensitivity to Interest Rate Risk (CAMELS). As of June 30, 2010, approximately (79%) of all Ohio-chartered depository institutions were rated as being either strong (15%) or satisfactory (64%). Only (15%) were considered fair, (5.5%) unsatisfactory and (0.5%) poorly rated. Ohio-chartered depository institutions play a key role in providing vital financial services to Ohio's corporate, consumer, and local government customers and have traditionally operated in a conservative manner.

CAMELS RATINGS - ALL DEPOSITORY INSTITUTIONS - FY 2010



TOTAL ASSETS - ALL DEPOSITORY INSTITUTIONS - As of 12/31/10 (In Billions)



Fifth Third Merger and Ohio Commerce Bank Charter Bring New Activity

On September 30, 2009, FifthThird Bank, Grand Rapids, MI and FifthThird Bank, NA, Nashville, TN merged into the Ohio-chartered FifthThird Bank, Cincinnati. As a result, FifthThird Bank assets under supervision by DFI increased from \$69 billion to almost \$120 billion. The Division has periodic visitations with the largest state-chartered institution, and this will result in improved communications and customer service by the Division—helping to enable retention of their state charter.

On June 30, 2010, Ohio Commerce Bank became the newest state-chartered financial institution. The Division's team of examiners and attorneys successfully assisted Ohio Commerce Bank in transitioning from an Office of Thrift Supervision-chartered federal savings association to an Ohio-chartered, FDIC-regulated nonmember bank. Simultaneously, Ohio Commerce Bank successfully changed its ownership structure, therefore making it a wholly owned and operated independent community bank. The Division took the lead in overseeing this complex transaction and coordinated it with federal regulators, resulting in a positive outcome. Ohio Commerce Bank is the first new bank to open in Cuyahoga County in 15 years.

Elizabeth Duke Provides Keynote at 2010 Ohio Bankers' Day Program

Governor Elizabeth A. Duke, Board of Governors of the Federal Reserve System, presented the keynote address to a group of approximately 300 bankers, attorneys, consultants, and regulators at the 2010 Ohio Bankers' Day program, held June 30, 2010 in Columbus. Her topic of 'Fostering a Healthy Credit Environment' was both timely and very well received.

Other speakers for the program included President and Chief Executive Officer of the Federal Home Loan Bank of Cincinnati David H. Hehman, Regional Director of the Federal Deposit Insurance Corporation M. Anthony Lowe, Ohio Department of Commerce Outreach Coordinator Stephanie Casey Pierce and Professor Paul Beck from the Department of Political Science at The Ohio State University.



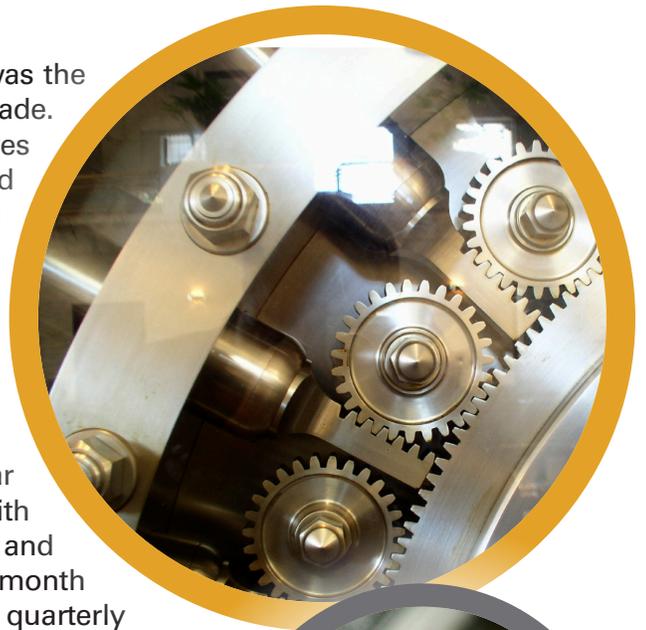
Division Charters New Credit Union

Nueva Esperanza, or New Hope Community Credit Union, was the first newly chartered credit union in Ohio in nearly a decade. Located in Toledo's Old South End, the credit union serves the city's Latino community. The credit union is described by Hispanic Business.com as "a key tool to bring financial education and opportunities to a community that is often skeptical of financial institutions because of cultural or language barriers."

With the addition of this new charter, the Division had 175 state-chartered credit unions as of June 30, 2010 with total assets under supervision of approximately \$12.9 billion. Although there are two fewer credit unions than last year due to mergers, credit unions in Ohio continue to grow. With this growth, the Division maintains a commitment to safety and soundness monitoring of financial institutions with the 12-month examination cycle in addition to the required minimum quarterly reporting. In FY 2010, the Credit Union Section became re-accredited by the National Association of State Credit Union Supervisors (NASCUS), and continues to seek ways to improve the oversight of the entities it regulates.

Consumer Finance Section Implements SAFE Act

Since the passage of enabling legislation to implement the federal SAFE Act, the Division has focused considerable resources on implementing new requirements to regulate mortgage loan originators. In addition to considerable operational changes, the Division has also engaged in extensive industry



NON-DEPOSITORY FINANCIAL SERVICES LICENSES

| TYPES OF LICENSE | 1-01-10 | 6-30-10 |
|------------------------------|--------------|--------------|
| Check Cashers | 991 | 1,008 |
| Credit Service Organizations | 29 | 29 |
| Loan Originators | 3,108 | 2,172 |
| Mortgage Bankers | 0 | 172 |
| Mortgage Brokers | 688 | 461 |
| Mortgage Broker CUSO | 0 | 4 |
| Mortgage Loan Originators | 0 | 18 |
| OMLA Registrants | 1,575 | 1,555 |
| OMLA CUSO | 0 | 1 |
| Pawnbrokers | 288 | 290 |
| Precious Metals Dealers | 96 | 106 |
| Premium Finance Lenders | 56 | 45 |
| Short-Term Lenders | 0 | 0 |
| Small Loan Licensees | 514 | 510 |
| Total | 7,345 | 6,371 |
| Operations Managers | 404 | 265 |
| Loan Originators ESCROW | 946 | 285 |

outreach, including public speaking engagements, a Department/Division SAFE Act informational webpage, and multiple mailings to existing licensees. Ohio successfully went live on the Nationwide Mortgage Licensing System (NMLS) on January 4, 2010. The NMLS provides a single internet-based portal for the industry which enables mortgage brokers, loan originators, mortgage loan act lenders, and mortgage loan originators to apply to the states for any necessary license or registration.

In addition, The Division of Financial Institutions also regulates consumer finance companies, including check cashers, credit service organizations, pawnbrokers, precious metals dealers, premium finance companies, short-term lenders, and small loan companies.

Ohio Works to Conduct Joint Money Transmitter Examinations

Under Ohio law, no person is permitted to be in the business of transmission of money in the state unless licensed or specifically exempt (i.e., chartered financial institutions). Transmission of money includes issuing money orders or traveler’s checks, stored value cards, wire transfers, electronic payments, or the collection of payments to be forwarded to lenders or vendors such as utility payments or bi-monthly mortgage payments. As of June 30, 2010, Ohio licensed 54 money transmitters, 49 of which are headquartered in other states. As a result, the Division’s Money Transmitters Section works cooperatively with other states’ regulatory agencies in the licensing and examination of these companies. The Division is a member of the Money Transmitters Regulators Association, which provides examiner education and a framework for joint multi-state examinations through its Money Transmitters Regulators Cooperative Agreement. During the past year, 15 of the 17 examinations conducted of Ohio licensees were completed jointly with regulatory agencies from other states.

SUMMARY OF REGULATED DEPOSITORIES & MONEY TRANSMITTERS

| TYPES OF INSTITUTIONS | 6-30-08 | 6-30-09 | 6-30-10 |
|--------------------------------------|------------|------------|------------|
| DEPOSITORY INSTITUTIONS | | | |
| BANKS | 96 | 94 | 93 |
| TRUST-ONLY BANKS | 2 | 2 | 2 |
| CREDIT UNIONS | 180 | 177 | 175 |
| SAVINGS AND LOAN ASSOCIATIONS | 26 | 26 | 26 |
| SAVINGS BANKS | 24 | 23 | 23 |
| TOTAL DEPOSITORY INSTITUTIONS | 328 | 322 | 319 |
| MONEY TRANSMITTERS | | | |
| MONEY TRANSMITTERS | 53 | 51 | 54 |

Office of Consumer Affairs Continues to Provide Assistance to Ohio Citizens

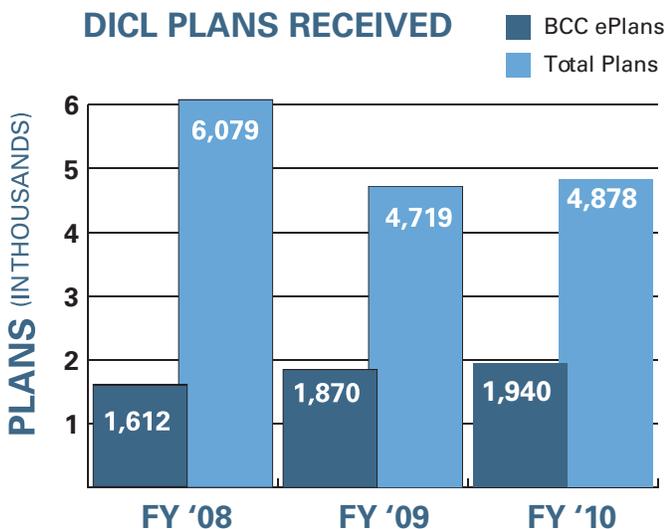
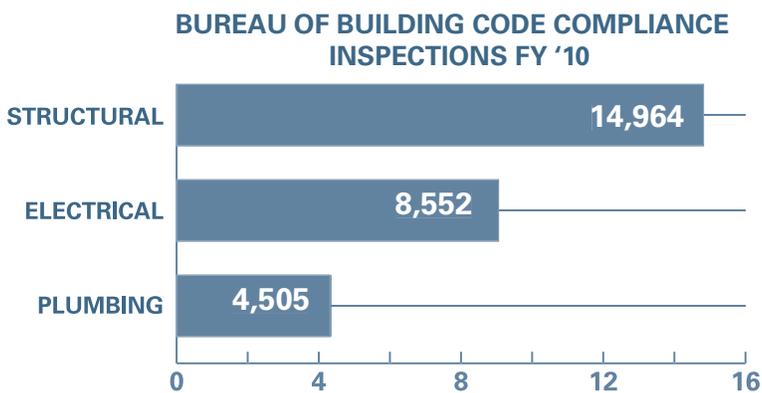
The Division’s Office of Consumer Affairs (OCA) continues to educate and assist Ohioans with basic questions about regulated industries to resolving consumer complaints. OCA also attends and organizes outreach events throughout the state.

Since January 2008, OCA has organized or participate in 101 outreach events that were attended by approximately 21,400 Ohioans. OCA organized a series of outreach events that targeted recently laid-off workers in the areas experiencing high unemployment. These events attracted over 6,000 Ohioans. Since 2009, OCA has organized outreach events in 44 of Ohio’s 88 counties.

The Division of Industrial Compliance & Labor (DICL) reviews and approves the building plans for the construction and renovation of commercial and public building projects. The Division also provides regulatory certification and inspection of boiler and elevator systems essential to public welfare and safety. DICL staff members conduct inspections of plumbing, electrical and structural systems; elevators; boilers; and bedding and upholstered products. DICL provides testing, certification, licensing and continuing education services for numerous skilled trades in Ohio's building industry. The Bureau of Labor & Worker Safety administers and enforces Ohio's prevailing wage, minimum wage, overtime and minor labor laws. Ohio's prevailing wage law requires public authorities to pay the local prevailing rate of wages for work performed under public construction contracts.

Bureau of Building Code Compliance

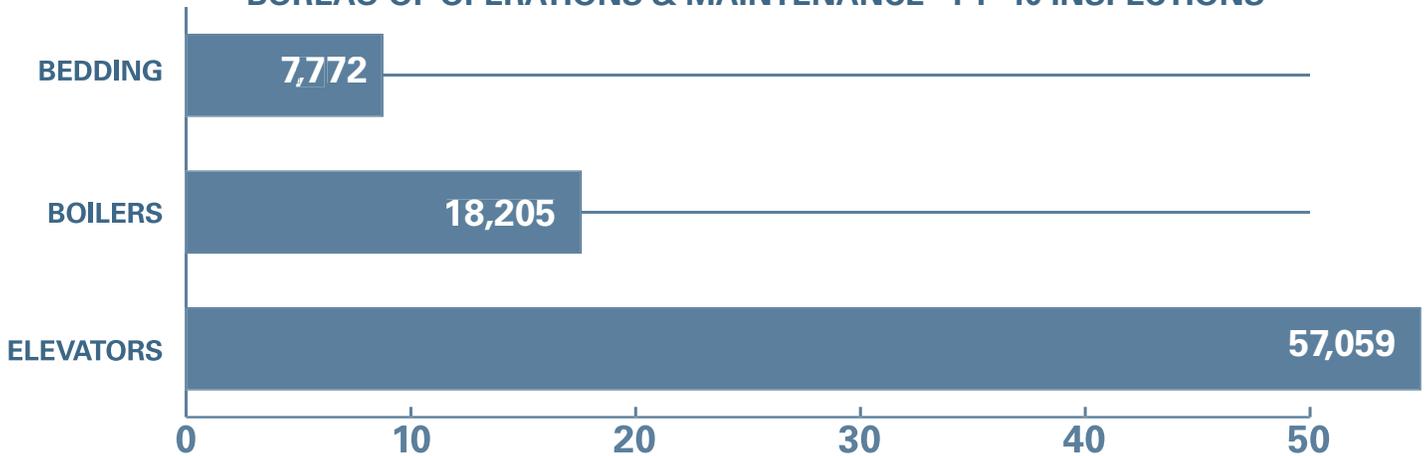
The Bureau performs plan reviews and inspections for all non-residential building projects throughout the State of Ohio. It has jurisdiction on all state-owned buildings on land owned by the state and all areas of Ohio not under the jurisdiction of a local certified building department.



Increase Continues in Building Code Electronic Plan Submissions

The Building Code Compliance Bureau's electronic plan-review process continues to gain in popularity. In FY 2010, a total of 1,940 "e-plans" were received, exceeding the total of 1,870 projects received in FY 2009.

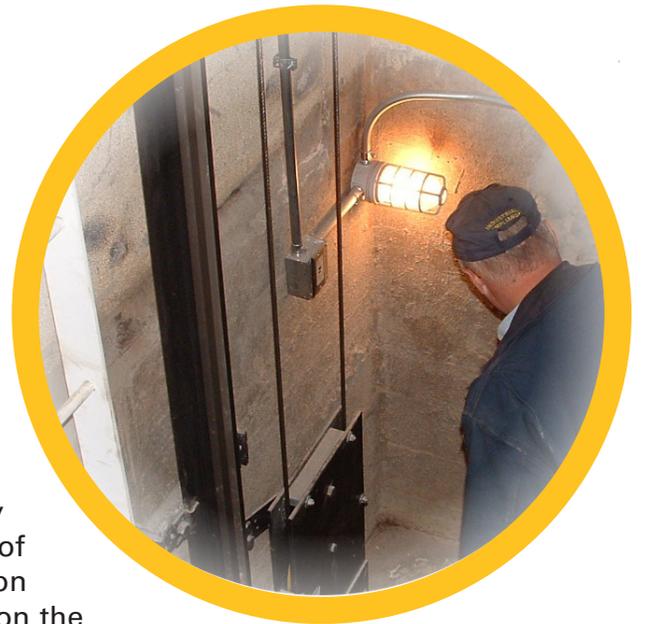
BUREAU OF OPERATIONS & MAINTENANCE - FY '10 INSPECTIONS



Bureau of Operations & Maintenance Oversees Critical Systems

The Bureau of Operations & Maintenance is responsible proper installations and maintenance of critical systems with Ohio's "built environment."

The Bureau oversees systems such as boiler operations and maintenance, elevators, and bedding and upholstered furniture. The Bureau also provides administrative oversight and support for Bureau's sections.



Bedding Section Pursues Outreach

The Bedding Section continues to conduct industry roundtable events throughout the state. This is a component of the Section's Outreach program, which serves as an education tool for regulated entities. The section also is represented on the Central Ohio Bed Bug Task Force. This organization was assembled to develop methods of identifying or eliminating occurrences of bed bug infestations. It also serves as an educational source for the citizens of Ohio.

The inspection staff conducted 7,772 compliance inspections. Additionally, laboratory scientists conducted tests on products submitted by manufacturers located all over the world. The Bedding Section finished the year with 7,102 active registrations. This is the fourth consecutive year the Bedding Section has achieved an all-time high number of active registrations.

Licensed Contractors

In 1993, when the Ohio Construction Industry Licensing Board (OCILB) was first created, there were 2,400 certificates grandfathered. In 2000, the certificate became a license. At that time, there were 7,000 certificates. In 2010, there were 18,956 commercially licensed contractors in the State of Ohio, an increase from 18,580 licensed contractors in 2009.

Bureau of Labor & Worker Safety

The Bureau administers and enforces Ohio's prevailing wage, minimum wage, overtime and minor labor laws. The state's prevailing wage law requires public authorities to pay the local prevailing wage rate of wages for work performed under public construction contracts. The minimum wage law in Ohio sets state minimum wage rates, and Ohio's overtime law directs employers to pay one times their regular pay rate for all hours worked in excess of 40 hours in a work week.

On January 1, 2009, the minimum wage rose to \$7.30 per hour for non-tipped employees and to \$3.65 per hour for tipped employees, plus tips. On January 1, 2010, the minimum wage remained unchanged.

| | |
|--|--------------|
| MINIMUM WAGE INVESTIGATIONS COMPLETED | 864 |
| PREVAILING WAGE INVESTIGATIONS COMPLETED | 401 |
| PREVAILING WAGE COLLECTIONS | \$901,482,51 |
| MINIMUM WAGE COLLECTIONS | \$411,628,44 |
| PENALTY FUND COLLECTIONS | \$186,280,32 |
| HANDICAP WAGE LICENSES ISSUED | 259 |
| MINOR WAGE INVESTIGATIONS COMPLETED | 6 |



DIVISION OF LIQUOR CONTROL

The Division of Liquor Control is responsible for controlling the manufacture, distribution, and sale of all alcoholic beverages in Ohio. The Division is the state's sole purchaser and distributor of spirituous liquor (intoxicating liquor containing more than 21 percent alcohol by volume). Spirituous liquor is sold through 452 private businesses, known as contract liquor agencies, which contract with the Division to serve as its sales agents. Revenues are used to help fund a variety of programs offered by various state agencies. Regulatory functions include the issuance of permits to the state's approximately 24,000 privately owned and operated manufacturers, distributors and retailers of alcoholic beverages. The Division also regulates industry compliance with the laws pertaining to the manufacture, importation, and distribution of beer, wine, and mixed beverages containing 21 percent or less alcohol by volume.

Record High Dollar Sales

Spirituous liquor sales reached a record \$742.7 million in FY 2010. This was an increase of \$12.8 million, or 1.75%, compared to sales in FY 2009.

Gallonage sales of spirituous liquor in FY 2010 totaled 10.8 million gallons, an increase of 217,002 gallons, or 2.04% over FY 2009.

| FISCAL YEAR | DOLLAR SALES | GALLONS SOLD |
|-------------|-----------------|--------------|
| 2008 | \$697.7 million | 10.3 million |
| 2009 | \$729.9 million | 10.6 million |
| 2010 | \$742.7 million | 10.8 million |

DIVISION'S NET PROFIT (IN MILLIONS)



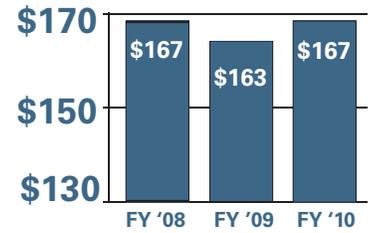
Increased Profits

In addition to continued increases in dollar sales, the Division's total net profit has steadily increased, reaching a record high in FY 2010 of \$228.8 million. This was an increase of \$4.6 million over FY 2009. The Division's profit margins also increased in FY 2010 to 30.2%.

Increased profit and better profit margins can be attributed to the efficient operations of the Division in areas such as inventory control, product selection and shelf standardization, and placement of sales outlets in areas with increasing customer demand.



GENERAL REVENUE FUND TRANSFERS (IN MILLIONS)



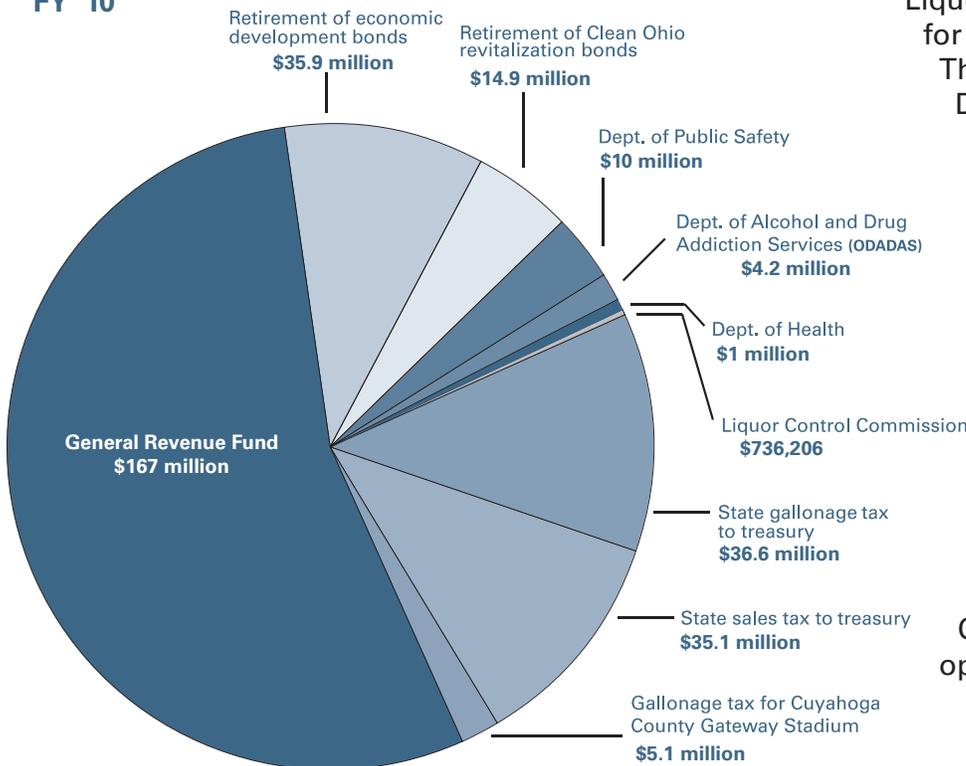
REVENUE DISTRIBUTION FOR BOND RETIREMENT (IN MILLIONS)



Revenue Distribution

In addition to the Division's General Revenue Fund (GRF) transfer of \$167 million, the Division contributed another \$143.5 million in liquor sales and tax revenue to help fund a variety of state services. The Division's total contribution for FY 2010 was \$310.5 million.

LIQUOR SALES REVENUE DISTRIBUTION FY '10



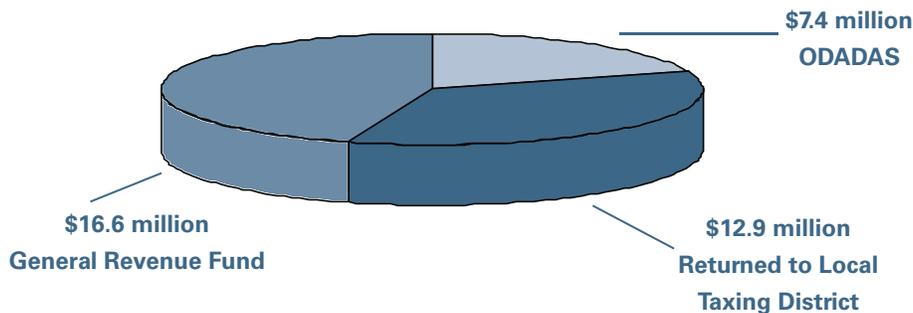
Liquor revenues were earmarked for the following state services: The Ohio Department of Development for the retirement of economic development bonds and Clean Ohio revitalization bonds; the Ohio Department of Public Safety for state liquor law enforcement; the Ohio Department of Alcohol and Drug Addiction Services to fund alcoholism treatment, education and prevention programs statewide; the Ohio Department of Health to fund the Alcohol Testing Program; and the Ohio Liquor Control Commission to fund its operations.

Permit Fee Distribution

The Division distributed \$36.9 million from liquor permit fees in FY 2010. This was a decrease of \$521,363 from FY 2009. Out of this total, \$12.9 million was returned to the local taxing districts for liquor law enforcement, \$16.6 million was deposited in the state's General Revenue Fund (GRF), and \$7.4 million was allocated to the Ohio Department of Alcohol and Drug Addiction Services to fund treatment and education efforts statewide.



**Liquor Permit Fee Distribution
FY 2010**

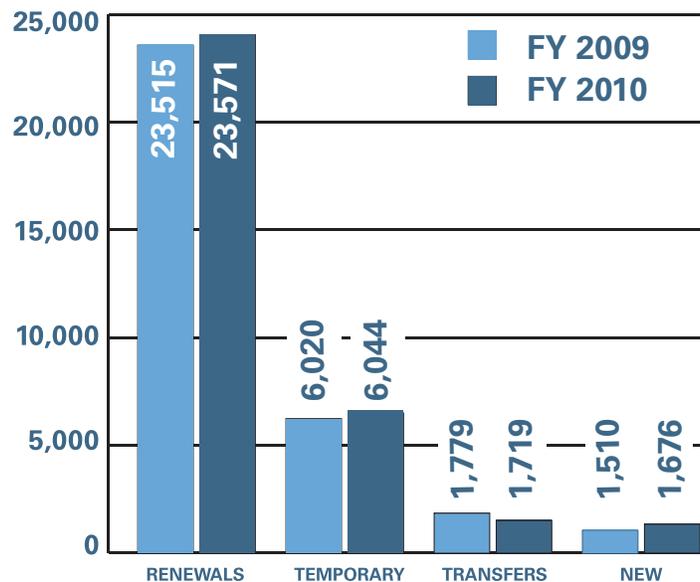


Liquor Permit Activity

In FY 2010, the Division's Licensing Section was responsible for licensing the operations of more than 24,000 privately owned and operated manufacturers, distributors and retailers of alcoholic beverages.

This includes the issuance of new permits, permit renewals and transfers, and the investigative and hearing requirements associated with permit issuance. In FY 2010, this section issued 1,676 new permits and 6,044 temporary permits, and transferred 1,719 permits. In addition, 23,571 permits were renewed.

LIQUOR PERMIT ACTIVITY



Ohio Division of Liquor Control, Profit and Loss Statement

| SPIRITUOUS LIQUOR SALES | FY 2009 | FY 2010 |
|--|----------------------|----------------------|
| Retail Sales | \$494,658,525 | \$511,210,840 |
| Wholesale Sales | \$250,242,139 | \$246,211,271 |
| GROSS SALES | \$744,900,664 | \$757,432,111 |
| Less Wholesale Discount | \$15,014,528 | \$14,773,276 |
| TOTAL SALES | \$729,886,136 | \$742,658,835 |
| Less Cost of Goods Sold | \$417,819,139 | \$425,989,172 |
| State Gallonage Tax | \$35,898,222 | \$36,631,673 |
| TOTAL COST OF GOODS | \$453,717,361 | \$462,620,845 |
| GROSS PROFIT | \$276,168,775 | \$280,037,990 |
| Percentage of Gross Profit | 37.07% | 36.97% |
| OPERATING EXPENSES | | |
| Less Operating Expenses - Agencies | \$40,094,893 | \$40,591,348 |
| Less Operating Expenses - General | \$11,846,413 | \$10,650,849 |
| TOTAL OPERATING EXPENSES | \$51,941,306 | \$51,242,197 |
| NET PROFIT BEFORE OTHER INCOME AND OTHER DEDUCTIONS | \$224,227,470 | \$228,795,792 |
| PERCENT NET PROFIT TO GROSS SALES | 30.10% | 30.21% |

The Division of Real Estate & Professional Licensing is responsible for licensing Ohio’s real estate brokers, salespeople, and appraisers. The Division ensures that its licensees comply with Ohio real estate license law and that unlicensed individuals are not participating in activities that require a license. The Division investigates allegations of fraud, misconduct, and unlicensed real estate activity and may impose discipline as determined by the Ohio Real Estate Commission and the Ohio Real Estate Appraiser Board. The Division is also responsible for the registration of cemeteries located in Ohio. The Ohio Cemetery Dispute Resolution Commission is supported by the Division in resolving disputes or complaints involving its registered cemeteries.

National Recognition of the Ohio Appraiser Program

The Division of Real Estate & Professional Licensing has worked tirelessly throughout the past several years to turn around its once struggling real estate appraiser regulatory program. Professional appraiser organizations across the country have taken notice to the progress the Division has made and have described the program as a model from which other states could learn. The Appraisal Subcommittee (ASC) acknowledged the Division’s accomplishments after it completed its 2009 biannual audit and determined that the Ohio appraiser program was 100% compliant in all areas. This was a tremendous achievement for the Division, since previous ASC audits resulted in non-compliant reviews, specifically for failing to comply with the ASC’s Policy Statement 10 that requires appraiser programs to complete their investigations within one year from receipt.

Recognizing the significant improvements in Ohio’s appraiser program, professionals in the appraiser industry have invited the Division to participate in key national conferences and meetings. In November 2009, the Division participated in the Valuation Exposition in New Orleans, Louisiana. The Appraiser Qualifications Board (AQB) requested the Division’s Superintendent to offer her recommendations in hearings it held in Minneapolis, Minnesota, in June 2010. The Division also participated in meetings held by the National Society of Real Estate Appraisers and the National Society of Farm Managers and Rural Appraisers. Additionally, the Division has assisted various mortgage fraud task forces across the state and worked with federal agencies, including the U.S. Attorney General’s office and the FBI, with mortgage fraud investigations.

GENERAL STATISTICS NUMBER OF LICENSEES

| | | FY 2008 | FY 2009 | FY 2010 |
|------------------------------|---------------------------------|---------------|---------------|---------------|
| | Real Estate Appraisers | 4,104 | 3,480 | 3,532 |
| | Active Real Estate Brokers | 5,585 | 5,401 | 5,340 |
| | Active Real Estate Salespersons | 33,056 | 30,269 | 29,810 |
| | Cemetery Registrations | 3,487 | 3,500 | 3,515 |
| LICENSED BROKERS | Active | 5,585 | 5,401 | 5,340 |
| | Inactive | 1,090 | 509 | 523 |
| | Total | 6,675 | 5,910 | 5,863 |
| LICENSED SALESPERSONS | Active | 33,056 | 30,269 | 29,810 |
| | Inactive | 8,764 | 9,106 | 9,071 |
| | Total | 41,820 | 39,375 | 38,881 |

Promoting Consumer Protection

As a result of the housing market crash that provided a potential gateway for scammers to threaten vulnerable Ohioans, the Division made it a priority throughout 2009-2010 to educate consumers about steps they could take to protect themselves when engaging in real estate activity. The Division created a list of tips for consumers to consider before buying or selling real estate, such as how to check on your real estate agent, to choose a lender and be aware of requirements, to understand earnest money and trust accounts, to hire an attorney to review paperwork, and to ask questions often. In addition to making it available on its website, the Division distributed its consumer tips publication to hundreds of consumers at National Consumer Protection Week events, professional conferences, and at the Ohio State Fair. The Division also urged consumers to employ its License Information Lookup – a database that includes relevant license information about the approximate 50,000 licensees it regulates – to locate a licensed professional to assist them when buying or selling real estate. Working with a trusted, licensed real estate professional could be the most important way to ensure a successful, safe real estate transaction.

Creation of Property Management Brochure to Tackle Unlicensed Activity Complaints

In response to an increase in the number of unlicensed property management complaints it received, the Division created an informational brochure in October 2009, to educate individuals in the industry about the legal requirements associated with property management. The Division distributed the brochure to the 21 largest real estate and property management associations in Ohio and encouraged each association to share the pamphlet with its members. Additionally, the Division provided the brochure to individuals at several outreach events in which it participated and posted it on the Division's website. The Division found it particularly important to educate individuals about property management and Ohio license law since the Ohio Real Estate Commission can assess a civil penalty of up to \$1,000 per day per violation for unlicensed property management activity.



UNLICENSED ACTIVITY CASES

| FY '09 | FY '10 |
|--------|--------|
| 68 | 73 |

Advisory Council on Brokerage Franchises – A Balanced Approach to Enforcement

The Division of Real Estate & Professional Licensing has long stressed the need to employ a balanced approach when enforcing Ohio real estate license law - serving the needs of the industries and businesses the Division regulates and protecting Ohio's consumers. This need for balance became especially important throughout the past several months when Ohioans felt the strain of a declining economy. In October 2009, the Division discovered that a conflict existed between real estate license laws and franchise practices employed by Ohio real estate companies. Rather than addressing the issue from an internal

perspective only, the Division worked collaboratively with its stakeholders to find answers that would address the conflict before contemplating policy changes. The Division created an Advisory Council on Real Estate Brokerage Franchises and invited 12 brokers from Ohio’s largest real estate companies to join the Division’s Superintendent in a discussion regarding brokerage franchising, a concept also referred to as “branching.” On November 17, 2009, the Advisory Council convened in downtown Columbus and discussed possible approaches to take in order to address the conflict. The participants thanked the Division at the close of the meeting for taking the time to discuss the matter with them rather than simply making a decision without considering their input.

New Real Estate 10-Hour Post-Licensure Course Curriculum

The Division released a new 10-hour, post-licensure real estate course curriculum in May 2010. The curriculum was created to standardize the 10-hour post-licensure courses offered by roughly 25 approved education providers throughout Ohio. The curriculum includes real estate law, fiduciary duties, and the basic steps that newly-licensed salespeople and brokers should take to succeed in the real estate business. The Ohio Real Estate Commission’s Education and Research Committee provided funding for the development of the new curriculum, and more than 30 real estate professionals and commission/committee members offered substantial input on its content. The Division made the curriculum and its supplemental materials available to providers and licensees on its website in June 2010.



Review and Update of Ohio Real Estate Exam

Division representatives completed a review of questions from the state portion of the Ohio real estate examination in the spring of 2010 with assistance from a panel that included active brokers and salespeople from around the state with expertise in various real estate subject matters. The panel reviewed test questions that had a 100% passage rate and those with a low passage rate and made recommendations to revise or delete them in order to make the exam challenging yet balanced. In addition, the panel wrote new questions, including some regarding the recently-created earnest money law. The new exam changes went into effect on July 1, 2010.

| ENFORCEMENT STATISTICS CALENDAR YEAR | REAL ESTATE | | | APPRAISER | | | CEMETERY | | |
|---|-------------|------|------|-----------|------|------|----------|------|------|
| | 2008 | 2009 | 2010 | 2008 | 2009 | 2010 | 2008 | 2009 | 2010 |
| COMPLAINT CASES FILED | 881 | 639 | 641 | 243 | 190 | 167 | 33 | 39 | 29 |
| PENDING INVESTIGATIONS OR HEARINGS | 488 | 176 | 117 | 90 | 85 | 66 | 8 | 17 | 6 |
| CLOSED CASES | 517 | 657 | 622 | 327 | 265 | 121 | 28 | 30 | 28 |
| REFERRED TO PROSECUTOR | 0 | 1 | 0 | 25 | 5 | 2 | 5 | 3 | 1 |
| SUSPENSIONS | 18 | 14 | 14 | 25 | 21 | 13 | N/A | N/A | N/A |
| REVOCATIONS | 12 | 13 | 28 | 16 | 9 | 4 | 0 | 0 | 0 |

The Division of Securities' mission is to maintain a balance between enhancing capital formation and providing investor protection. This balance is achieved by administering and enforcing the Ohio Securities Act. The Act requires the licensing of those who sell securities or give advice about investing in securities; provides for the registration or exemption of securities sold; and prohibits certain conduct in connection with the sale of securities and the giving of advice about investing in securities.

The Division has long adhered to a dual mission of protecting Ohio investors from fraud in the securities markets and promoting capital formation through the issuance and sale of properly registered securities within the state. The Division works diligently to confirm Ohio's position as one of the leading or model states in regards to its licensing, registration, enforcement, and educational and outreach practices.

Investor Education and Outreach

The latest outreach initiative by the Division – the “Con Artist” campaign – ran from February through May 2010. This was a comprehensive media campaign using television, radio, print, internet, and billboard advertising with the Division's message to “be careful, I may be a con artist!” The Division supplemented the live media portions of the campaign with publications, posters, bookmarks, a website portal and a new toll free phone number. In addition to the “Con Artist” campaign, the Division's outreach staff made educational presentations to 3,512 Ohio investors, targeting the “Sandwich Generation” at 32 Rotary Clubs in Ohio, in FY 2010. In addition, the outreach staff met with seniors, business professionals, high school and college students, and war veterans. Events totaled 53.

Other outreach opportunities that the Division has been a part of and will continue being part of include the Joint Retirement Awareness Working Group, Senior Education and Enforcement Coalition, the Ohio State Fair, press releases as needed, and other outreach to Ohioans as requested.



Ohio Securities Conference

Held in the fall each year since 1980, the Ohio Securities Conference is an opportunity for members of the securities industry and bar to discuss topics of interest. The 2009 Securities Conference, held on October 23, 2009, addressed Regulation D interpretations, arbitration and licensing issues, an update on financial reform and securities litigation. In addition, the Advisory Committees held their meetings. Since 1980, Advisory Committees, sponsored by the Division, have served as valuable vehicles to discuss Division policy and receive feedback and perspective on Division practices.

Licensing

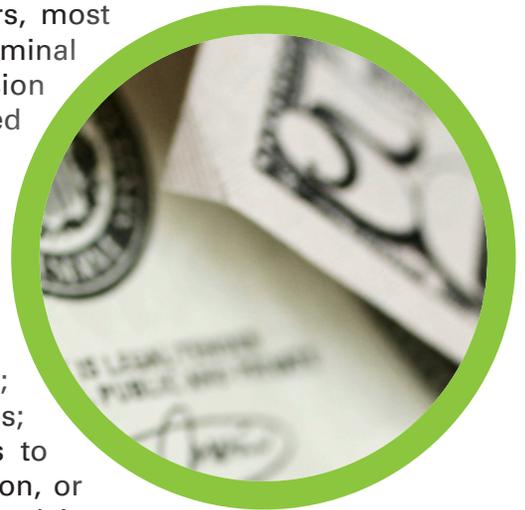
The number of securities professionals that the Division licensed and regulated in FY 2010 represented a 5% increase over the number of professionals licensed and regulated in FY 2009. Greatest increases were observed among individual licensed securities salespersons and investment adviser representatives.

| LICENSING STATISTICS | FY 2008 | FY 2009 | FY 2010 |
|--------------------------------------|---------|---------|---------|
| Securities Dealers (Inc. state BD's) | 2,378 | 2,355 | 2,301 |
| Securities Salespersons | 147,931 | 144,268 | 150,664 |
| Investment Advisers | 621 | 657 | 651 |
| Investment Adviser Representatives | 12,449 | 13,312 | 16,055 |
| Notice Filers | 1,580 | 1,581 | 1,633 |
| Bureau of Workers' Compensation | | | |
| Chief Investment Officer | 1 | 1 | 1 |
| State Retirement System | | | |
| Investment Officer | 66 | 67 | 71 |

Enforcement

The Division continues to rebuild its Enforcement staff to attract additional experienced attorneys and promote a proactive enforcement posture. The Division has seen a notable increase in the number of large, complicated securities investigations of regional scope, necessitating increased collaboration between the Division and other regulators, most notably the SEC, FBI, and U.S. Attorneys' offices. The number of criminal convictions and resulting prison sentences stemming from Division investigations in FY 2010 are on par with or exceed the results achieved in FY 2008 and FY 2009.

The Division was involved in numerous administrative proceedings in addition to its civil and criminal investigations in FY 2010. The Enforcement Section resolved 71 cases involving violations of the Ohio Securities Act that resulted in the issuance of orders to 65 respondents. The most common violations found were sales of unregistered securities; selling securities without a license; misrepresentations made in connection with the sale of securities; and fraudulent practices involving the offer or sale of securities to Ohio residents. Some of the orders involved the denial, suspension, or revocation of licenses held by securities salespersons, investment adviser representatives, broker-dealer firms, and investment advisory firms.



ENFORCEMENT STATISTICS FY 2008 FY 2009 FY 2010

| | | | |
|----------------------------|---------------|-----------------|----------------|
| NOH | 108 | 42 | 64 |
| No. of Respondents | 150 | 78 | 71 |
| Final Orders | 62 | 63 | 8 |
| No. of Respondents | 102 | 64 | 10 |
| Search Warrants | 2 | 0 | 0 |
| Injunctions | 2 | 7 | 0 |
| Criminal Referrals | 2 | 5 | 5 |
| Indictments | 9 | 6 | 4 |
| Counts | 227 | 152 | 132 |
| Convictions | 6 | 8 | 8 |
| Counts | 36 | 38 | 88 |
| Yrs. Sent to Prison | 36 | 44 | 34 |
| Restitution Ordered | \$ 19M | \$ 16.6M | \$ 1.7M |

Enforcement Case Highlights

The Division’s Enforcement staff worked diligently on a criminal case involving Joanne Schneider in FY 2010. Schneider ran what may be the single largest Ponzi scheme in Ohio history, selling about \$60 million in unregistered promissory notes related to her purported real estate development business in Cleveland. Based on the Division’s referral, Schneider was criminally indicted on November 4, 2005, but not taken to trial until 2009. In March 2009, Schneider pleaded guilty to 13 felony charges, including engaging in a pattern of corrupt activity, a first-degree felony. She was sentenced to a three-year term in March 2009. The Cuyahoga County Prosecutor’s Office appealed the sentence, citing a sentencing statute that mandates a 10-year sentence where the underlying act in a pattern of corrupt activity is a first-degree felony. The Court of Appeals agreed that the three-year sentence was impermissibly short and remanded the matter back to the trial court. Her indictment and subsequent conviction represented the culmination of a six-year effort by the Ohio Division of Securities and the Cuyahoga County Prosecutor’s Office.

The Division also played an integral role in the arrest and subsequent conviction of Joseph D. Bonanno. Bonanno had a long criminal history, fleeing his Boston, Massachusetts home in 1989 to escape two outstanding warrants against him for larceny. Bonanno relocated to Northeast Ohio and assumed the identity of Timothy W. Hyde, an infant from Youngstown, Ohio that died a few days after his birth. Bonanno’s real identity was discovered following an arrest in early 2009 in Jackson Township (Stark County). The Jackson Township Police forwarded the information to the FBI, which discovered his true identity during their investigation.

Bonanno used his assumed identity as Hyde to obtain a Social Security number, an Ohio driver’s license, and licenses to both sell securities and act as an investment adviser. Bonanno appeared in Massachusetts on April 21, 2009 in response to the 1989 charges against him and was ordered held on \$200,000 cash bond. An arrest warrant was issued in Cleveland on April 28, 2009 to ensure that Hyde would appear at his arraignment on the federal charges on June 4, 2009.

On April 19, 2010 in U.S. District Court in Cleveland, Joseph D. Bonanno was sentenced to 3 ½ years in prison on federal charges of wire fraud, aggravated identity theft, making false statements, and making a false statement in applying for a passport. He will be on probation for three years after his release. He was also ordered to pay a \$500 criminal penalty.

The Division worked in conjunction with the Jackson Township Police Department, the Ohio State Highway Patrol, the Financial Industry Regulatory Authority, the Securities and Exchange Commission, the Federal Bureau of Investigation and the U.S. Attorney’s Office for the Northern District of Ohio in the investigation that led to the April 8, 2009 indictment of Bonanno in U.S. District Court in Akron. Representatives from the different law enforcement agencies will be discussing the Bonanno case during the Division’s 2010 Securities Conference.

Registration Statistics Compiled for FY 2010

The Division’s Registration Section processed 5,879 different registration files in FY 2010, similar to the volume received and processed in FY 2009. The total registration offering dollars cleared for sale in FY 2010 exceeded \$1.1 trillion.

| REGISTRATION STATISTICS | FY 2009 | FY 2010 |
|---|--|--|
| Registration Section Notice filings received | 5,877 | 5,879 |
| (CAPITAL FORMATION) Dollar amount of Securities sold or to be sold pursuant to filings made with the Division | | |
| Mutual Fund Filings | \$ 575,372,400 ⁰⁰ | \$ 633,187,227 ⁰⁰ |
| (Form D) Exemption Filings | \$ 948,656,853,980 ⁰⁰ | \$ 935,924,749,137 ⁰⁰ |
| (.09's, 6(A)(1) etc.) Other Registration Filings | \$ 224,606,980,704 ⁰⁰ | \$ 194,763,255,177 ⁰⁰ |
| Total Amount | \$ 1,173,839,207,084⁰⁰ | \$ 1,131,321,191,541⁰⁰ |

The Division of State Fire Marshal, established in 1900, is the oldest fire marshal office of its kind in the United States. It consists of eight bureaus: Administration, Fire & Explosion Investigations, Forensic Laboratory, Bureau of Underground Storage Tank Regulations, Fire Prevention, Code Enforcement, Testing and Registration and the Ohio Fire Academy. Responsibilities include modernizing and enforcing the Ohio Fire Code; analyzing fire-related criminal evidence; investigating arson, and the cause and origin of fires and explosions; training firefighters; providing fire safety education to business, industry, schools and the general public; regulating and licensing underground storage tanks and a number of other fire-related industries.

Fire & Explosion Investigation Bureau

The Fire and Explosion Investigation Bureau (FEIB) responded to 1,306 total incidents, a 3% increase from 2008. Those incidents included 464 arsons, an 11% increase from 2008. The Bureau investigated a total of 96 fatalities in 2009, a 29% decrease from 2008. FEIB also made 157 arrests resulting in 74 convictions during the year.

The FEIB was awarded a Department of Homeland Security grant that will allow the FEIB to conduct post-blast investigation training for all FEIB officers and to local law enforcement and arson investigators. This training will improve the crime scene investigations of bombings, with the goal of obtaining better forensic evidence that will result in more arrests and successful prosecutions of criminals and domestic terrorists.

The FEIB successfully worked with the City of Columbus Fire Division to provide an Explosives Detection Canine (EDC) to enhance the FEIB capabilities for homeland security law enforcement work. This program was started a few years

ago with the Bureau of Alcohol, Tobacco, Firearms & Explosives (ATF). When federal funding for the project fell through, CFD partnered with FEIB for this critical resource.



Ohio Fire Academy

The mission of the Ohio Fire Academy (OFA) is to provide fire service personnel and other allied professionals with training, education and accredited courses that are consistent with nationally recognized standards to improve the safety and proficiency of Ohio's Fire Service.

For FY 2010, the Academy developed and implemented with the Communications Office a Marketing Plan to help promote OFA classes and the rewording of course descriptions. The result was an increase in student enrollment. This also included rewording course descriptions.

The Academy also worked to provide distance learning programs using newly acquired web casting equipment. The Academy was able to support a "SFM All Hands" meeting, thus eliminating the need for field staff to travel to headquarters. The Academy also used the web cast system to provide fire departments with training on the Federal Fire Grant Program.

Several projects were also accomplished to meet the Governor's initiative of "Going Green." For example, students are now able to print all of their training certificates from the web and, in lieu of a printed catalog, a new website was created showing all the course offerings and descriptions. Also, all communications concerning class status with students is now done via email, thus saving staff time of stuffing letters and the cost of mailings. Finally, the Academy identified five different classes where the students would be loaned a printed student manual for the class, and then referred to another new web site where the student manual could be found in an electronic format. Making these two options available to students reduces the Academy's printing costs.

The Academy worked with stakeholders in the developing of course offerings for the fiscal year. They provided input into the number and types of classes as well as recommendations on date of delivery.



Code Enforcement Bureau

The Division of State Fire Marshal's Code Enforcement Bureau completed 15,364 inspections in 2009, a 21% increase from 2008. Fire safety inspections and re-inspections have increased due to local fire departments decreasing the number of fire inspectors or completely eliminating inspection bureaus as well as the increase of bed bug complaints.

During the past year, all Code Enforcement inspectors attended mandatory training for inspection report documentation, fireworks inspection issues, and an all-day class on understanding and inspecting the new Fire Safe Cigarette Law which went into effect in May.

In cooperation with many of the Ohio Fireworks Retailers, the Code Enforcement Bureau worked in FY 2010 to develop a guideline for specific display of aerial fireworks in retail fireworks stores.

Fire Prevention Bureau

During the fiscal year, fire safety educators performed more than 1,800 in-service and life safety programs to more than 48,500 people throughout the state of Ohio.

Fire safety literature was updated, branded and posted to the website and made available for local fire departments to use. More than 93,225 pieces of literature were distributed.

The Bureau tracked 801,957 fire incident reports from Ohio's fire departments.

The Bureau placed 9,879 public safety decals with Ohio's volunteer fire departments.

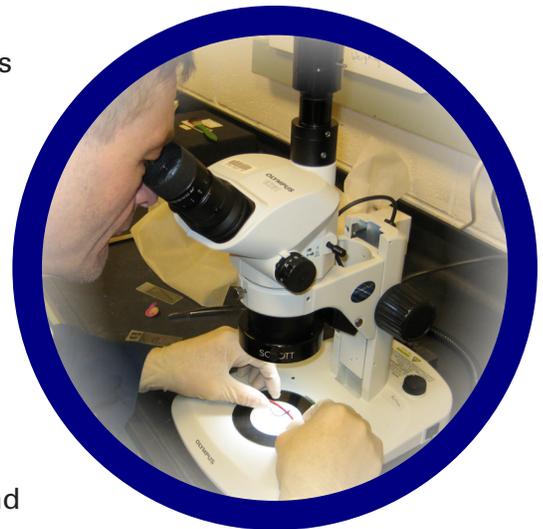
The Fire Prevention Bureau increased promotion of Project SAFE (Smoke Alarms for Everyone). The Bureau began distributing smoke detectors with the 10-year lithium battery. These smoke detectors cannot be disassembled to remove the battery.

Another project undertaken by the Bureau was the development of a public safety announcement made for TV. This was a cooperative effort between Cuyahoga Community College and the Fire Prevention Bureau. Working with the Communications Office, the bureau was able to produce other public safety announcements and billboard ads promoting smoke detectors. This project will occur in FY 11.

Forensic Laboratory

During 2009, Ohio's fire and police agencies submitted 741 cases to the Division of State Fire Marshal's Forensic Laboratory consisting of 3,111 pieces of evidence requiring 6,737 exams. Services were provided in the form of scientific examinations of ignitable liquids, fire debris, explosives, latent prints and general examination of physical evidence involved in a suspected arson fire, explosive incident, Methamphetamine lab or other criminal activity.

During the past year, the SFM's Forensic Laboratory added forensic video/audio to its capabilities, allowing the examination of video and audio evidence from security cameras and other sources. The Forensic Laboratory also added capabilities to provide assistance to investigators at fire and explosive incident scenes. Finally, the Forensic Lab upgraded its Laboratory Information Management System to more efficiently log and track evidence and results.



Testing & Registration

The Bureau of Testing and Registration achieved the following accomplishments during FY 2010.

Reduced Ignition Propensity Cigarettes – Effective May 1, 2010, cigarette manufacturers were required to certify each brand family sold in Ohio as being manufactured fire standard compliant, as defined in Ohio Revised Code Chapter 3739. The Division worked with the Ohio Department of Taxation and the Ohio Attorney General's Office while implementing the new regulations. Communication between the state agencies and stakeholders ensured a smooth transition.

Indoor Fireworks Committee – The committee, appointed by the Director of Commerce, worked with Department of Commerce and State Fire Marshal employees to update Chapter 33 of the Ohio Fire Code. The committee provided valuable field experience and played a major part in revising the fireworks exhibition permit, fireworks exhibition checklist, creating an indoor exhibition checklist, and drafting the Chapter 33 sections relating to outdoor and indoor exhibitions. In FY 2011, the committee will review and revise the flame effects section of the rule.

Electronic Fireworks Continuing Education - Ohio Revised Code Chapter 3743 requires licensed fireworks manufacturers and wholesalers to attend a State Fire Marshal sponsored continuing education class annually. Licensed fireworks manufacturers and wholesalers will view the 2010 required training electronically, and will be required to pass a short test about the class to obtain a certificate of completion. All licensees are required to submit a certificate of completion for this annual state fire marshal class when renewing the license each year. This internet based class will encompass Occupational Safety and Health Administration safety, storage and display of aerial devices, Ohio Revised Code/Ohio Fire Code requirements, and National Fire Protection Association standards.

| ONLINE RENEWALS | LICENSE TYPE | FY 2008 | FY 2009 | FY 2010 |
|------------------------------|---------------------|----------------|----------------|----------------|
| | FIRE PROTECTION | 3,083 | 4,177 | 6,148 |
| EXHIBITOR | 820 | 1,226 | 1,377 | |
| HOTEL / MOTEL | - | 80 | 112 | |
| EXPLOSIVES (storage of) | 9 | 33 | 23 | |
| UST ANNUAL (registration) | 4,269 | 4,391 | 4,241 | |
| TOTALS | 8,181 | 9,907 | 11,901 | |

| LICENSING EXAMS | EXAM TYPE | FY 2008 | FY 2009 | FY 2010 |
|------------------------|------------------|----------------|----------------|----------------|
| | FIRE PROTECTION | 2,048 | 2,031 | 1,652 |
| EXHIBITOR | 325 | 223 | 149 | |
| UST INSTALLER | 57 | 58 | 40 | |
| UST INSPECTOR | 0 | 12 | 7 | |
| TOTALS | 2,430 | 2,324 | 1,848 | |

State Fire Marshal Licenses

| | FY 2010 |
|-----------------------------|---------------|
| Fire protection individuals | 18,734 |
| Fire protection provisional | 201 |
| Fire protection companies | 1,783 |
| Hotel/Motels | 1,792 |
| UST installers | 629 |
| UST delegated inspectors | 44 |
| UST inspectors | 80 |
| Explosives (storage of) | 126 |
| Firework shippers | 20 |
| Firework manufacturers | 7 |
| Firework wholesalers | 45 |
| Flame effect exhibitors | 75 |
| Firework exhibitors | 495 |
| Firework assistants | 1,237 |
| Cigarette brand families | 128 |
| TOTAL LICENSES | 25,396 |

Bureau of Underground Storage Tank Regulations (BUSTR)

In FY 2010, the Bureau of Underground Storage Tank Regulations' (BUSTR) release prevention inspectors conducted 3,922 operational compliance inspections (100% of the total tank population) while corrective action coordinators closed more than 850 petroleum release cases and issued "No Further Action" letters to tank owners.

U.S. EPA, through the American Recovery and Reinvestment Act, awarded to the Department of Commerce a grant to clean up petroleum contaminated underground storage tank sites.

BUSTR also issued 40 eligibility letters and 25 letters of support for 42 cities and municipalities throughout the state seeking brownfield funding from U.S. EPA to perform investigations and cleanup of properties contaminated by petroleum underground storage tanks.

BUSTR continued progress in meeting goals of the Federal Energy Act of 2005, including the drafting and promulgation of administrative rules for secondary-containment, delivery prohibition and operator training requirements.



The Division of Unclaimed Funds is responsible for the safekeeping and return of monies designated as “unclaimed.” Each year, due to death, inadvertence or forgetfulness, thousands of people and organizations lose track of monies and intangible personal property in Ohio. Common examples of unclaimed funds are: dormant checking and savings accounts, forgotten rent and utility deposits, uncashed checks, undelivered stock certificates, and uncashed insurance policies.

Average Paid Claim of \$1,318

The Division of Unclaimed Funds paid an average claim of \$1,318 in FY 2010.

During the fiscal year, the Division paid 41,992 claims worth more than \$55.3 million. The Division also collected \$167.2 million from holders of unclaimed funds during the fiscal year.

The Division has worked diligently to return unclaimed funds to their rightful owners and there is no backlog of claims waiting to be paid. The Division stands ready and eager to assist Ohioans in the claims process.

UNCLAIMED FUNDS RETURNED FY 2008-2010 (IN MILLIONS)



Outreach Efforts

The Division’s Online Treasure Hunt is a convenient way for Ohioans to check for unclaimed funds 24 hours a day, seven days a week. In FY 10, the Division paid 31,900 claims that were initiated through the website for a total of nearly \$23.4 million in paid claims.



Each year, in accordance with state law, the Division places an advertisement in the largest newspaper of general circulation in each county. The advertisement includes information on accounts of \$50 or more that were turned over to the Division within the past year for individuals whose last known address was in a particular county. The advertised names appear in alphabetical order by the owner’s last known city and then in alphabetical order by the owner’s last name.

At the 2009 Ohio State Fair, the Division offered Ohioans the chance to check for unclaimed funds at two kiosks. When a match was found, a claim form was initiated and mailed to the claimant’s home address.

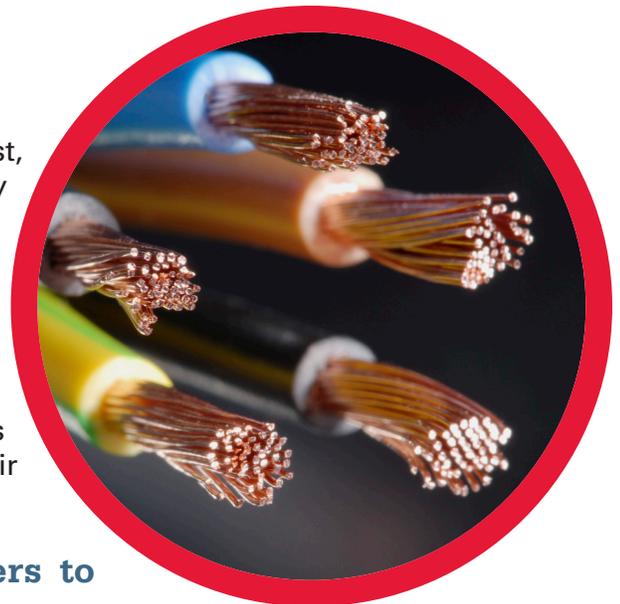
The Video Service Authorization Section administers and enforces Ohio's Video Service Authorization Law. This law gives the Director jurisdiction over cable television providers that have obtained a video service authorization from the Department of Commerce. The Director also has the authority to investigate and enforce customer service standards.

Cable TV Consumer Hotline Achieves a Milestone

Since July 2008, the CableTV Consumer Hotline has received over 5,000 consumer complaints, including 1,364 calls in FY 2010, from consumers seeking assistance in resolving problems concerning their cable bills or service. The hotline staff gathered the pertinent information from the consumer, forwarded the information to the cable television provider and followed up with the consumer and the provider to ensure that the consumer's questions and concerns had been addressed.

Ensuring that Ohio's Emergency Alert System is Properly Operating

On October 14, 2009, and March 24, 2010, at the Director's request, cable television providers participated in the Ohio Emergency Management Agency's semiannual statewide tests of Ohio's Emergency Alert System. Each provider reported the results of their tests to the Department. The Director learned that several cable television providers needed to adjust, repair, install and/or replace their systems in order to transmit a state alert. Many of the providers voluntarily performed this work. The Department is working with the remaining providers to ensure that their systems are capable of informing their subscribers of an emergency.



Easing the Road for Cable Television Providers to Enter New Markets

Since the enactment of the video service authorization law in June 2007, the Director has issued 46 authorizations and granted 51 amendments to existing authorizations. Many cable television providers expanded into new communities by simply filing an amendment application with the Department which was processed in 30 days. Cable television providers no longer had to enter lengthy negotiations to establish franchise agreements with each township, village, or city prior to providing their service to the local residence.

Outreach Efforts

In FY 2009, the Section began a campaign to inform and educate Ohio consumers, government officials, and consumer advocate groups about the passage of the video service authorization law and the establishment of the CableTV Consumer Hotline. The campaign continued through FY 2010 and culminated with the Section distributing cable literature to over 1,500 communities, libraries and senior centers.

Governor Ted Strickland created Save the Dream Ohio in March 2008 to provide Ohioans information on resources and assistance available to renters and homeowners facing foreclosure.

Save the Dream Ohio

Save the Dream moved into its third year of operation in FY 2010. As more and more Ohioans became aware of Save the Dream, it became necessary to increase the initiative's level of organization. In September 2009, the Ohio Department of Commerce hired an outreach coordinator to oversee the day-to-day operations of Save the Dream. In December 2009, Save the Dream changed its name to Save the Dream Ohio to distinguish it from similarly named initiatives operated by other states and organizations.



SAVE THE
dream OhioSM
FORECLOSURE PREVENTION EFFORT

Save the Dream Ohio partners continued to reach out to Ohioans in FY 2010 to inform and remind them of the resources available to them to help avoid foreclosure. Save the Dream Ohio partners participated in dozens of outreach events and speaking engagements throughout the State of Ohio in FY 2010. In addition, Save the Dream Ohio developed new marketing materials to help partners at the state and local level communicate with constituents. New marketing materials were developed and paid for with dollars from Ohio's National Foreclosure Mitigation Counseling (NFMC) Round 2 allocation. Those materials included posters, postcards, flyers, magnets, door hangers, folders, and resource CDs. Save the Dream Ohio partnered with the Governor's Office of Community and Faith-Based Initiatives to recruit grassroots community partners who signed up to distribute these materials locally. This effort, the Save the Dream Ohio 2010 Grassroots Outreach Campaign, helped disseminate the Save the Dream Ohio message via more than 300 local organizations. The campaign included online advertising through Google Ads and online newspapers through AdOhio. A monthly newsletter to grassroots partners was launched in April 2010.

In early 2010, the Save the Dream Ohio website was overhauled to make the site more user-friendly and informative. The site re-launched in March 2010, and includes information for homeowners, renters, and families recovering from foreclosure. The website features a regularly updated list of upcoming foreclosure prevention events hosted by Save the Dream Ohio's partners and an online workshop for homeowners facing foreclosure. An interactive Google map gives homeowners the ability to locate their closest HUD-approved counseling agency or legal aid organization. Moreover, the site includes a page for partner grassroots organizations to download outreach materials and online ads for placement on partner websites.

Also in March, Save the Dream Ohio published the Ohio Mortgage Help Workbook. The 32-page workbook includes information for homeowners on Ohio's foreclosure process and options for avoiding foreclosure. The workbook features tools for homeowners, such as a contact list, budget worksheets, and a how-to guide for writing a hardship letter. The workbook includes a chapter on common foreclosure rescue scams to help homeowners avoid being taken advantage of by con artists. The Ohio Department of Commerce published 1,000 copies of the workbook for distribution to homeowners in FY 2010.

In FY 2010, the Save the Dream Ohio hotline received 26,610 calls. Save the Dream Ohio's network of 39 HUD-approved housing counseling agencies and 11 legal aid organizations worked with more than 14,574 homeowners throughout the state. The website received nearly 40,000 unique visitors in FY 2010, and the average daily number of unique visitors spiked by more than 200 percent when the website re-launched in March. According to federal reports, 16,471 Ohioans had been offered permanent or trial loan modifications through the federal Home Affordable Modification Program as of the end of FY 2010.

An ongoing struggle for Save the Dream Ohio was the level of funding available to support housing counselors and legal aid organizations to provide the one-on-one work with homeowners necessary to help them avoid foreclosure. In October 2009, the Ohio Housing Finance Agency received \$1.29 million and partner Save the Dream Ohio agencies received \$1.14 million through NFMC Round 3. This represented a 45 percent decrease from funding provided to Ohio-based counseling agencies in NFMC Round 2. In April 2010, Ohio received \$1.31 million and partner Save the Dream Ohio agencies received \$401,500 through NFMC Round 4, representing a 29 percent decrease from Round 3. Save the Dream Ohio partners feared that the decreases in funding would greatly hamper the State's ability to provide critical counseling to homeowners, so partners increased their efforts to solicit funding on the state and national levels.



In February 2010, the U.S. Department of Treasury announced \$1.5 billion in Troubled Asset Relief Program (TARP) funds to help five "hardest-hit" states to develop foreclosure prevention programs. Ohio was not included among these five states. Save the Dream Ohio partners acted quickly to argue for the importance of including Ohio among states receiving foreclosure prevention dollars. Governor Ted Strickland appealed directly to President Barack Obama, while other partners wrote letters and held meetings with key administration officials. On March 29, 2010, the U.S. Department of Treasury announced a second round of funding, which included the State of Ohio and four other states. Ohio received the third largest allocation, \$172 million, among all 10 states included in the "Hardest-Hit Fund."



Governor Ted Strickland, Commerce Director Kimberly Zurz, and Ohio Housing Finance Agency Director Doug Garver subsequently convened an interagency team of policy experts to develop a proposal for Ohio's Housing Finance Agency Hardest-Hit Fund (HHF) allocation. The interagency team developed a set of six core principals to guide the proposal's development. Those principals included:

- Optimize the potential for sustainable results from HHF.
- Use existing networks and infrastructure to promote and support programs developed with HHF.
- Intervene as early as possible to increase the number of individuals who avoid unnecessary foreclosure.
- Maximize every dollar of HHF by effective and efficient programming.

- Create a program that is transparent and develop reporting and oversight that allows for public accountability.
- Disperse funds in a meaningful way, using data to support funding and eligibility decisions.

The interagency team consulted with mortgage servicers, housing counseling agencies, Save the Dream Ohio partners, and other interested stakeholders to develop a proposal that adhered to the six core principals. In June 2010, the State of Ohio submitted a proposal to Treasury for the development of four new programs to help homeowners with financial hardships who have not been able to qualify for existing loan modification programs:



- Rescue Payment Assistance Program will provide a payment to the mortgage lender to help delinquent borrowers become current on their first mortgage.
- Partial Mortgage Payment Assistance Program will provide up to 15 months of assistance for unemployed homeowners while they search for a job or participate in job training.
- Modification Assistance with Principal Reduction Program will provide an incentive payment matched by an investor to reduce the mortgage principal balance so a loan modification may be possible.
- Transition Assistance Program will provide an incentive payment to the mortgage lender and homeowner to assist with short sale or deed-in-lieu agreements to help homeowners exit their homes gracefully.



The following boards and commissions are associated with the Ohio Department of Commerce:

Division of Financial Institutions

Banking Commission - Advises the Superintendent of Financial Institutions and the Deputy Superintendent for Banks on any matters submitted to it by the Division and confirms the annual schedule of assessments.

Credit Union Council - Advises the Superintendent of Financial Institutions and the Deputy Superintendent for Credit Unions on any matters submitted to it by the Division related to credit union laws and rules and confirms the annual schedule of assessments.

Savings and Loan Associations and Savings Banks Board - Advises the Superintendent of Financial Institutions and the Deputy Superintendent for Savings and Loan Associations and Savings Banks on any matters submitted to it by the Division and confirms the annual schedule of assessments.

Division of Industrial Compliance & Labor

Board of Building Appeals - Reviews appeals made to adjudication orders issued by the Division of Industrial Compliance's bureaus of Building Code Compliance and Operations and Maintenance or any certified local or county enforcement agency. The Board also reviews appeals made to fire citations issued by the State Fire Marshal or any local fire department with a certified fire safety inspector.

Board of Building Standards - Formulates and adopts rules governing the Ohio Building Code. The Board also certifies municipal corporations, county, and township building departments to enforce the Ohio Building Code.

Electrical Safety Inspector Advisory Committee - Reviews the National Electrical Code for compatibility with the Board of Building Standards' other rules. The Committee reviews rules relating to the certification of electrical safety inspectors and receives input from the electrical industry, contractors and inspectors.

Ohio Construction Industry Licensing Board (OCILB) - Issues licenses to qualified electrical, Heating Ventilating and Air Conditioning (HVAC), plumbing, hydronics and refrigeration contractors who successfully pass the International Code Council (ICC) licensing examination.

Ohio Historic Boiler Licensing Board - Oversees the testing, licensing and inspection of historic boiler operators and equipment.

Residential Construction Advisory Committee - Conducts research in and makes recommendations on developing a new model residential construction building code.

Ski Tramway Board - Oversees the registration and inspection of ski/tram systems.

Liquor Control

Liquor Control Commission - Ensures compliance with Ohio's liquor laws and regulations, working with both the Division of Liquor Control and the Ohio Department of Public Safety's Investigative Unit. Conducts hearings and issues orders on the state's liquor laws and regulations.

Real Estate & Professional Licensing

The Ohio Real Estate Commission - Reviews hearing examiner reports each month regarding alleged real estate license law violations and its consideration of licensee appeals on licensure issues. If a licensee is found to have violated licensing law, the Commission can revoke or suspend a license, assess a fine, or order additional continuing education. The Commission also hears cases against persons without a license performing activities that require a license.

The Real Estate Appraiser Board - Oversees the operation of Ohio's real estate appraiser licensure and certification program. If a licensed or certified appraiser is found to have violated appraiser law, the Board can revoke or suspend a license or certification, assess a fine, or order additional continuing education.

The Cemetery Dispute Resolution Commission - Assists in resolving complaints against registered cemeteries by using informal techniques of mediation, conciliation and persuasion. The Commission hears complaints brought by individuals who are experiencing a problem with a cemetery.

State Fire Marshal

The State Fire Commission - Conducts research and publishes reports on fire safety. The Commission makes recommendations to the Governor, the General Assembly and other state agencies on any needed changes in laws, rules or administrative policies relating to fire safety. The Commission also may recommend revision of the rules in the State Fire Code adopted by the State Fire Marshal.

Petroleum Underground Storage Tank Release Compensation Board - Administers the Ohio Financial Assurance Fund, created in response to federal regulations mandating that all owners and operators of petroleum underground storage tanks (USTs) demonstrate the financial ability to pay for potential damages caused by releases from the tanks.

VISION STATEMENT

Enhancing Ohio's future by providing fair, consistent regulation that balances maximum benefit for the public with minimal intrusion on business.

MISSION STATEMENT

To fulfill our legal obligations to safeguard the public, while striving to regulate commerce in a reasonable, fair and efficient manner.



Department of Commerce

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www.com.ohio.gov