

STATE OF MARYLAND  
OFFICE OF THE COMMISSIONER OF FINANCIAL REGULATION  
DEPARTMENT OF LABOR, LICENSING AND REGULATION  
500 N. CALVERT STREET  
BALTIMORE, MARYLAND 21202

ANNUAL REPORT  
FOR FISCAL YEAR ENDING  
JUNE 30, 2009



Presented to:

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DEPUTY COMMISSIONER

OFFICE OF STATE BANK COMMISSIONER established 1910  
OFFICE OF COMMISSIONER OF CONSUMER CREDIT established 1941  
Reorganized as OFFICE OF THE COMMISSIONER OF FINANCIAL REGULATION 1996

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## HIGHLIGHTS OF THE AGENCY – FISCAL YEAR 2009

- DLLR’s Office of the Commissioner of Financial Regulation (“the Office” or “the Commissioner”) played a central role in the state’s efforts to combat the problem of foreclosure. Pursuant to the foreclosure reforms passed in 2008, the Office receives copies of Notices of Intent to Foreclose sent to delinquent Maryland borrowers. Based on the information provided in these Notices, the Office delivered more than 210,000 outreach packages including foreclosure prevention information and alerts regarding scams to Marylanders at severe risk of foreclosure since May 2008.
- The Office also recovered more than \$2.9 million for Maryland consumers in fiscal 2009, more than double the prior year. Maryland is one of the only states in the nation that examines servicers and, in 2009, the Office reached a settlement with one of the largest servicers in the nation to reimburse Maryland consumers for over \$600,000 in prepayment penalties which had been previously charged in violation of Maryland law.
- As one of the first states in the country to recognize the growing foreclosure-related problem of “loan modification consulting” scams, the Commissioner implemented an aggressive response. This response focused on entities charging desperate borrowers illegal up front fees in exchange for promises of assistance. Following advisories to consumers and the mortgage industry in August 2008 and January 2009, the Enforcement Unit undertook more than 100 investigations of loan modification scams. In fiscal year 2009, this effort yielded 23 cease and desist orders and approximately \$100,000 in refunds to consumers.
- Likewise, the Office of the Commissioner collected fines for the state’s general fund of \$1.1 million, a diameter increase from \$0.4 million in fiscal 2009. These fines included Maryland’s share of a 14 state, \$10 million settlement with one of the largest mortgage lenders in the country.
- In May, 2008 the Commissioner launched its two year transition to the Nationwide Mortgage Licensing System (“NMLS”), a national system and database designed to create a seamless nationwide licensing mechanism and mandated by federal law. Mortgage originators nationwide are issued single license numbers for single, nationwide files that are maintained in the centralized NMLS database and accessible by consumers and businesses seeking licenses.

## LEGISLATIVE HIGHLIGHTS

### **House Bill 1555 Md. Laws, Chapter 741, 2009**

House Bill 1555 enhanced the system of bank branching in Maryland and provided to the Commissioner a significant tool to improve the supervision of banks and credit unions. In connection with branch banking, HB 1555 allows a well capitalized banking institution with a CAMELS rating of one or two to establish a branch in Maryland through an expedited notice procedure coupled with a reduced fee. By minimizing the burden associated with establishing a new branch, HB 1555 helps permit strong banking institutions to be more competitive.

HB 1555 also allows an out-of-state bank to establish de novo branches in Maryland only to the extent that the home state of the bank permits Maryland banking institutions to establish de novo branches in its state. This reciprocity provision is intended to help create a level playing field for Maryland banks wishing to branch in other states.

As to enhanced supervision, HB 1555 gives the Commissioner the authority, subject to robust due process provisions, to impose civil penalties against banking institutions and credit unions for unsafe or unsound practices, practices injurious to the public interest, and violation of orders to cease and desist issued by the Commissioner. By providing the Commissioner with the authority to levy civil penalties against banking institutions and credit unions, HB 1555 helps ensure that Maryland continues to enjoy a safe and sound financial system.

### **Senate Bill 269 Md. Laws, Chapter 4, 2009**

Senate Bill 269 aligned existing Maryland mortgage law with the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008, which was signed into law by President Bush on July 30, 2008 (the "SAFE Act"). This law mandates that all states transition to the National Mortgage Licensing System and Registry

("NMLS") and sets minimum standards. Maryland

successfully transitioned to the NMLS. SB 269 also featured several transition provisions to avoid any disruption to the mortgage industry during the adjustment to the new law and to NMLS.

The passage of SB 269 has permitted the Maryland mortgage industry to benefit from the NMLS, a technology platform common to all states. This web-based, nationwide licensing system leverages technology to provide a more consistent and efficient licensing process with a single licensing file for each licensee, a common database shared nationwide, and 24x7 access and support. The system operates similarly to the securities licensing system and operates on the same technology infrastructure through an agreement with the Financial Industry Regulatory Authority.

With the transition to the NMLS, each Maryland licensed mortgage lender, servicer and originator has one common record maintained over time, across jurisdictions and across employers. Consumers and regulators are able to more effectively track any violations of law committed in any state and to process complaints through a centralized database.

SB 269 also has heightened licensing standards. For example, SB 269 prohibits licensure of an individual convicted of any felony within 7 years of application. There is also a total prohibition against the licensure of a mortgage originator who has ever received a felony conviction involving fraud, dishonesty, breach of trust, or money laundering. Another protection embedded in this law is the requirement that mortgage originators be covered by an employer's surety bond.

## DEPOSITORY SUPERVISION

### Banks, Trust Companies and Credit Unions Annual Overview

*Teresa M. Louro, Assistant Commissioner for Bank Supervision*

#### **Banks**

Maryland's banking industry remains sound, despite a continued weakened real estate market, a challenging credit environment and an economic recession. With some exceptions, Maryland's 48 state-chartered banking institutions have remained conservative, enhanced their risk management practices, and slowed growth initiatives. In fiscal year 2009, total assets of Maryland's banking institutions decreased by \$7.6 billion, to a total of \$22 billion as a result of the M&T Bank acquisition of Provident Bank of Maryland and the conversion of Susquehanna Bank to a Pennsylvania state charter.

Overall, capital levels have improved throughout the year with an aggregate total risk-based capital ratio of 12.44%, a 29 basis point increase from the previous year. Tier 1 risk-based capital and tier 1 leverage capital ratios have also increased to 11.02% and 9.01%, respectively, this fiscal year-end. The increase in capital ratios is attributed to several banks receiving Troubled Assets Relief Program – Capital Purchase Program funds from the U.S. Department of the Treasury. The ratio of equity capital to total assets rose to 9.70% by fiscal year-end, an increase of 41 basis points from year-end 2008.

Although total assets have declined during the year due to the purchase of Provident Bank and the change in charter of Susquehanna Bank, total balance sheet assets of the remaining state-chartered banks have increased with steady loan growth. Our banks

continue to feel the impact of the weakened real estate market as the levels of noncurrent loans and other nonperforming assets increased, primarily in the concentration of commercial real estate and acquisition, development and construction loans. Non-current loans more than doubled to 3.61% of total loans, up from 1.61%, while nonperforming assets experienced a substantial increase to 3.14% from 1.40% at the end of fiscal year 2008. Net charge-offs to loans tripled to 0.91% from 0.29% one-year ago. Meanwhile, loan loss reserves equal 1.68% of total loans; the level of nonperforming loans exceeds reserves by 2.5 times.

Total deposits, adjusted for the subtraction of Provident Bank of Maryland and Susquehanna Bank, have decreased by approximately \$1.3 million. Loans were funded by total deposits at a rate of 93.72%, with core deposits representing 116.96% of funding. Consequently, reliance on Federal Home Loan Bank of Atlanta advances decreased as well. In addition, the usage of brokered deposits declined at 7.29% of total deposits, which dropped from the previous year's 7.68%.

Earnings performance has weakened (as indicated by negative net income of \$9 million), representing a return on assets of (0.08%), a 55 basis point decrease from the prior year. The net interest margin constricted as well from 3.71% at fiscal year-end 2008 to 3.43%. The deterioration in earnings appears to be attributable to higher non-performing assets, higher provisions taken to adequately reserve against impaired credits, lower yields

on earning assets, and less non-interest income earned.

The Commissioner's Office monitors state-chartered banks for concentrations in their commercial real estate and acquisition, development and construction portfolio concentrations, capital levels, earnings performance, and liquidity positions. We continue to work closely with federal regulatory agencies on targeted visitations scheduled between routine on-site bank examinations, involving these areas of concern and any weakening areas identified during our quarterly off-site monitoring program. We reach out to our institutions in various ways such as on-site visits, telephone discussions, attending Board of Directors' meetings, and holding meetings in our office to discuss activities, incidents and events in the financial market that could impact the institution. Our office, along with federal regulatory agencies, has initiated weekly teleconferences with specific institutions to further monitor their financial position.

### **Credit Unions**

The Commissioner's Office also supervises nine Maryland-chartered credit unions and the American Share Insurance Corporation ("ASI") of Dublin, Ohio. Six credit unions are federally insured through the National Credit Union Share Insurance Fund; the remaining three are privately insured by ASI. Each institution continues to receive an annual on-site examination, supplemented by a quarterly off-site monitoring program. In addition, targeted visitations are scheduled as deemed necessary.

The credit union industry remains sound; however, the effect of the current economic environment continues to have a negative impact on credit union trends. Delinquency and net charge-offs continue to increase, especially in the real estate sector, indicating continued elevated concerns in the credit quality of loan portfolios, and remains an on-going concern.

Maryland state-chartered credit unions' loans and shares increased in fiscal year 2009, as assets under supervision grew \$355 thousand to a total of \$3.9 billion. The net worth of state-chartered credit unions represents 10.74% of total assets, which is higher than the 10.03% average for all federally insured credit unions. While net interest margins remain typically low, credit unions continue to achieve overall favorable operating results, reflected in an annualized return on assets of 1.00%.

### **Trust Companies**

Maryland state-chartered non-depository trust companies continue to operate in a safe and sound manner, although experiencing a decrease in assets under management from \$184 billion to \$165 billion in fiscal 2009. The decline is attributed to economic conditions currently confronting financial institutions and continuous volatility in the United States and global stock markets.

Fiscal year 2009 and the beginning of fiscal year 2010 have proven to be challenging for Maryland state-chartered institutions. The still troubled financial environment, global economy, real estate market, and recession continue to test risk management practices and business strategies.

**Consolidated Statement of Financial Condition**  
**State Chartered Banks**  
**As of June 30, 2009**  
*(in thousands)*

**ASSETS**

Cash & Balances Due From Depository Institutions:	
Non-Interest Bearing & Currency and Coin	\$529,183
Interest Bearing Balances	\$451,469
Securities	\$3,200,633
Federal Funds Sold and Securities Purchased Under Agreements to Sell	\$364,629
Loans and Leases, Net of Unearned Income	\$16,059,416
(Allowance for Loan and Lease Losses)	(\$269,090)
Trading Assets	\$11,802
Premises and Fixed Assets (including capitalized leases)	\$333,747
Other Real Estate Owned	\$103,360
Intangible Assets	\$234,028
Other Assets	\$773,069
<b><i>Total Assets</i></b>	<b>\$21,792,246</b>

**LIABILITIES**

Deposits:	
In Domestic Offices	\$17,135,262
In Foreign Offices	\$0
Federal Funds Purchased & Securities Sold Under Repurchase Agreements	\$453,481
Trading Liabilities	\$0
Other Borrowed Money	\$1,916,996
Other Liabilities	\$173,176
<b><i>Total Liabilities</i></b>	<b>\$19,678,915</b>

**EQUITY CAPITAL**

Perpetual Preferred Stock	\$6,357
Common Stock	\$224,000
Surplus	\$1,322,763
Undivided Profits and Capital Reserves	\$560,211
<b><i>Total Equity Capital</i></b>	<b>\$2,113,331</b>
<b><i>Total Liabilities and Equity</i></b>	<b>\$21,792,246</b>

**Ratios from Consolidated Statement of Financial Condition  
All State-Chartered Banks  
For Fiscal Years 2007 — 2009**

<b>Period Ending June 30:</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Total Capital/Reserves to Total Assets	<b>9.70%</b>	9.29%	10.61%
Total Capital to Total Deposits	<b>12.33%</b>	12.53%	14.69%
Total Loans to Total Assets	<b>73.69%</b>	74.47%	69.77%
Loan Valuation Res to Total Loans (Gross)	<b>1.68%</b>	1.18%	1.06%
Total Loans to Total Deposits	<b>93.72%</b>	98.82%	96.65%
Return on Assets	<b>-.08%</b>	.47%	1.16%
Increase in Loans	<b>-26.61%</b>	-25.58%	7.22%
Increase in Total Assets	<b>-25.83%</b>	-30.27%	6.35%

**Prior Period End Totals (Adjusted)  
For Fiscal Years Ending June 30  
(in thousands)**

<b>Year</b>	<b>Total Assets</b>	<b>Total Loans</b>	<b>Securities</b>	<b>Total Deposits</b>	<b>Total Capital</b>
2009	\$21,792,246	\$16,059,416	\$3,200,633	\$17,135,262	\$2,113,330
2008	\$29,381,521	\$21,881,597	\$4,415,664	\$21,813,397	\$2,728,926
2007	\$42,139,079	\$29,403,517	\$7,216,069	\$30,421,947	\$4,469,387
2006	\$39,619,518	\$27,115,636	\$7,627,391	\$29,262,128	\$4,147,295
2005	\$37,159,487	\$25,497,448	\$7,660,557	\$27,542,622	\$3,711,691



**Trust Assets Reported by State-Chartered Trust Companies  
for Fiscal Year Ending June 30, 2009  
(in thousands)**

<b>Full Service Trust Companies</b>	<b>Managed</b>	<b>Non-Managed</b>	<b>Custodial</b>	<b>Total</b>
First United Bank & Trust	\$410,723	\$52,993	\$2,777	<b>\$446,493</b>
Sandy Spring Bank	\$420,790	\$56,613	\$50,280	<b>\$527,683</b>
<b>Total Assets – Full Service</b>	<b>\$831,513</b>	<b>\$109,606</b>	<b>\$53,057</b>	<b>\$994,176</b>

<b>Non-Depository Trust Companies</b>	<b>Managed</b>	<b>Non-Managed</b>	<b>Custodial</b>	<b>Total</b>
Brown Investment Advisory and Trust Co.	\$4,517,167	\$168,191	\$475,750	<b>\$5,161,108</b>
Chevy Chase Trust Company	\$2,377,107	\$4,582,363	\$3,342,481	<b>\$10,301,951</b>
NewTower Trust Company	\$5,934,712	\$0	\$0	<b>\$5,934,712</b>
Old Mutual Asset Management Trust Co.	\$32,185,783	\$155,648	\$0	<b>\$32,341,431</b>
Securities Finance Trust Company	\$100,820	\$0	\$0	<b>\$100,820</b>
T. Rowe Price Trust Company	\$18,214,387	\$93,156,243	\$0	<b>\$111,370,630</b>
<b>Total Assets – Non-Depository</b>	<b>\$63,329,976</b>	<b>\$98,062,445</b>	<b>3,818,231</b>	<b>\$165,210,652</b>

<b>Grand Total – Assets Full Service and Non-Depository</b>	<b>\$64,161,489</b>	<b>\$98,172,051</b>	<b>\$3,871,288</b>	<b>\$166,204,828</b>
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**State Chartered Credit Unions**  
**Consolidated Statement of Financial Condition**  
*(in thousands)*

<b>Comparative Figures for Year Ending:</b>	<b>June 30, 2009</b>	<b>June 30, 2008</b>	<b>% Change</b>
<b>ASSETS</b>			
Cash.....	\$159,917	\$241,764	-33.9%
Investments.....	\$1,137,629	\$761,754	49.3%
Loans & Leases.....	\$2,420,744	\$2,362,006	2.5%
Allowance for Loans & Leases (ALLL).....	(\$28,764)	(\$16,702)	72.2%
Premises and Fixed Assets.....	\$63,221	\$53,952	17.2%
Other Assets.....	\$115,227	\$110,116	4.6%
<b>Total Assets.....</b>	<b>\$3,867,974</b>	<b>\$3,512,890</b>	<b>10.1%</b>
<b>LIABILITIES</b>			
Members' Shares & Deposits.....	\$3,356,352	\$3,043,152	10.3%
Borrowings.....	\$59,927	\$16,300	267.7%
Other Liabilities.....	\$36,429	\$34,217	6.5%
<b>Total Liabilities.....</b>	<b>\$3,452,708</b>	<b>\$3,093,669</b>	<b>11.6%</b>
<b>EQUITY / NET WORTH</b>	<b>\$415,266</b>	<b>\$419,221</b>	<b>-0.9%</b>
<b>Total Liabilities and Equity..</b>	<b>\$3,867,974</b>	<b>\$3,512,890</b>	<b>10.1%</b>

<b>Additional Information – As of June 30</b>	<b>2009</b>	<b>2008</b>
Net Worth to Total Assets	10.74%	11.93%
Net Worth to Members' Shares & Deposits	12.37%	13.78%
Total Loans to Total Assets	62.58%	67.24%
Total Loans to Members' Shares & Deposits	72.12%	77.62%
ALLL to Total Loans	1.19%	0.71%
Return on Assets (annualized)	1.00%	0.75%

## Consolidated Statement of Condition of State-Chartered Credit Unions

As of June 30, 2009  
(in thousands)

	Total Assets	Total Loans	Shares & Deposits	Total Capital
<b>ASI Private Share Insurance</b>				
Fort Meade Community Credit Union	\$29,155	\$10,811	\$25,926	\$2,598
Post Office Credit Union of Maryland, Inc.	\$32,901	\$3,959	\$24,441	\$8,411
U.S. Coast Guard Community Credit Union	\$32,970	\$17,973	\$29,786	\$3,112
<b>Federal Share Insurance</b>				
Central Credit Union of Maryland, Inc.	\$18,793	\$14,154	\$15,827	\$2,903
Destinations Credit Union	\$46,782	\$31,319	\$38,689	\$7,717
Members First Credit Union	\$31,809	\$9,718	\$26,669	\$4,932
Municipal Employees Credit Union	\$956,205	\$611,528	\$802,700	\$114,686
Point Breeze Credit Union	\$662,676	\$252,532	\$581,854	\$71,873
State Employees Credit Union of MD	\$2,056,683	\$1,468,750	\$1,810,460	\$199,034
<b>TOTAL FOR ALL STATE CHARTERED CREDIT UNIONS</b>	<b>\$3,867,974</b>	<b>\$2,420,744</b>	<b>\$3,356,352</b>	<b>\$415,266</b>

### Prior Period End Totals As of June 30 (in thousands)

Year	Total Assets	Total Loans	Shares & Deposits	Total Capital
<b>2008</b>	\$3,512,890	\$2,362,006	\$3,043,152	\$419,221
<b>2007</b>	\$3,302,841	\$2,245,600	\$2,837,274	\$403,824
<b>2006</b>	\$3,112,221	\$2,063,541	\$2,659,307	\$371,057
<b>2005</b>	\$2,996,701	\$1,813,530	\$2,639,925	\$338,253
<b>2004</b>	\$2,964,498	\$1,640,845	\$2,648,385	\$299,229
<b>2003</b>	\$2,860,709	\$1,510,146	\$2,566,593	\$275,840
<b>2002</b>	\$2,535,822	\$1,421,939	\$2,272,527	\$247,665

## DEPOSITORY CORPORATE ACTIVITIES

### Corporate Applications Annual Overview

*Marcia A. Ryan, Assistant Commissioner*

The Commissioner's Office began the fiscal year with regulatory responsibility for fifty-one State-chartered banks, with combined assets of \$29.4 billion and a total of 591 branches. By the end of fiscal year 2009, the total number of Maryland chartered banks had decreased to forty-nine, and total bank assets had decreased by 25% from the prior year. As of June 30, 2009, Maryland banks had combined assets of \$21.8 billion, were operating a total of 457 branches, and employed more than 5,072 individuals.

The Commissioner's Office also has regulatory responsibility for six Maryland-chartered non-depository trust companies, with more than \$184 billion in trust assets; nine State-chartered credit unions, with combined assets of more than \$3.9 billion; and one SBA guaranteed lending corporation.

As usual, applications were received throughout the year from banks, trust companies, and credit unions seeking approval to implement various corporate changes to their organizations and/or to expand their business activities. As a result of the persistent and difficult economic conditions facing the financial industry, many of the applications submitted during 2009 involved complex and unusual issues.

During the 2009 fiscal year, the Corporate Activities group worked on applications for a new trust company charter, seven mergers and acquisitions, two charter conversions, seven bank affiliates, and 25 new branches and ATMs.

We also approved 18 representative office permits to out-of-state banking corporations, and acted on a wide range of other corporate applications. During the fall of 2009, we began working with three banks interested in converting their charters to Maryland state charters. We look forward to our ongoing work with each of these institutions through the conversion process.

Throughout fiscal year 2009, the Commissioner's Office worked closely with Capital Funding Group, Inc. and Capital Funding Bancorp, Inc. as they prepared to acquire AmericasBank. The bank that resulted from this acquisition now operates as CFG Community Bank in Towson, Maryland. We also worked with a de novo non-depository trust company group, which had previously been associated with Chevy Chase Bank, FSB. We issued a charter to Chevy Chase Trust Company in February 2009. During the second half of 2009, we worked closely with Centreville National Bank when they decided to convert from a national bank to a state-chartered bank.

**BANKS, CREDIT UNIONS and TRUST COMPANIES**  
**Activity on Selected Applications**  
**July 1, 2008 through June 30, 2009**

**NEW CHARTERS**

<b>Institution Name</b>	<b>Location of Main Office</b>	<b>Approval Date</b>
<i>CHEVY CHASE TRUST</i> Non-Depository Trust Company	Bethesda, MD	2/27/09

**MERGERS and ACQUISITIONS**

<b>Surviving Institution Principal Location</b>	<b>Merged/Acquired Institution Principal Location</b>	<b>Approval Date</b>
<i>EAGLEBANK</i> Bethesda, MD	Fidelity and Trust Bank Bethesda, MD	08/14/08
<i>EAGLEBANCORP, INC.</i> Bethesda, MD	Fidelity and Trust Financial Corp. Bethesda, MD	08/14/08
<i>M&amp;T BANK CORPORATION</i> Buffalo, NY	Provident Bankshares Corp. Baltimore, MD	03/30/09
<i>M &amp; T BANK</i> Buffalo, NY	Provident Bank Baltimore, MD	03/30/09
<i>CFG COMMUNITY BANK</i> Towson, MD	AmericasBank Towson, MD	Pending
<i>COLUMBIA BANK</i> Columbia, MD	Peoples Bank of Elkton Elkton, MD	Pending
<i>COLUMBIA BANK</i> Columbia, MD	Hagerstown Trust Company Hagerstown, MD	Pending

## AFFILIATES

<b>Parent Co. Principal Location</b>	<b>Affiliate</b>	<b>Approval Date</b>
<i>FIRST MARINER BANK</i> Baltimore, MD	Mariner Finance Mortgage, LLC	07/22/08
<i>BROWN INVESTMENT ADVISORY &amp; TRUST</i> Baltimore, MD	Alex Brown Investment Management, LLC	07/31/08
<i>BROWN INVESTMENT ADVISORY &amp; TRUST</i> Baltimore, MD	Brown Advisory Management, LLC	07/31/08
<i>EAGLEBANK</i> Bethesda, MD	Fidelity & Trust Mortgage, Inc.	08/14/08
<i>AMERICASBANK</i> Baltimore, MD	Banc Holdings, LLC	01/15/09
<i>CAPITAL FUNDING BANCORP, INC.</i> Baltimore, MD	Capital Finance, LLC	Pending
<i>CAPITAL FUNDING BANCORP, INC.</i> Baltimore, MD	Capital Funding HUD, LLC	Pending

## MISCELLANEOUS

<b>Institution Name</b>	<b>Application Filed</b>	<b>Approval Date</b>
<i>NEW TOWER TRUST COPMANY</i>	Request for permission to establish a new real estate investment trust subsidiary	09/19/08
<i>JP MORGAN CHASE BANK, NA</i>	To act as escrow depository for certain real estate transactions for benefit of the Maryland Affordable Housing Trust	12/16/08
<i>MONUMENT BANK</i>	Submission of supplementary articles to the Articles of Incorporation to issue non-cumulative preferred stock – Series A	01/26/09
<i>MONUMENT BANK</i>	Submission of supplementary articles to the Articles of Incorporation to issue non-cumulative preferred stock – Series B	01/26/09
<i>FARMERS BANK OF WILLARDS</i>	Request for extension of holding period for real estate held by the bank	03/11/09
<i>PEOPLES BANK OF ELKTON</i>	Request for permission to issue subordinated debt	03/13/09

<i>HAGERSTOWN TRUST COMPANY</i>	Request for permission to issue subordinated debt	03/13/09
<i>MARYLAND FINANCIAL BANK</i>	Request for approval to issue non-cumulative preferred stock	03/26/09
OLD LINE BANK	Request for permission to pay cash dividend from surplus	05/20/09
CHEVY CHASE TRUST COMPANY	Request for permission to establish a trust office in Virginia	05/20/09
FARMERS BANK OF WILLARDS	Request for permission to reduce par value	06/09/09

**STATE-CHARTERED  
COMMERCIAL BANKS and SAVINGS BANKS  
As of June 30, 2009**

<b>Bank Name</b>	<b>Principal Location</b>	<b>Total Assets (in thousands)</b>	<b>No. of Branches</b>	<b>CRA Rating</b>
AmericasBank	Towson	\$153,860	3	Satisfactory
Bank of Glen Burnie, The	Glen Burnie	\$358,120	8	Satisfactory
Bank of Ocean City	Ocean City	\$149,355	6	Satisfactory
Bank of the Eastern Shore	Cambridge	\$237,653	2	Satisfactory
BankAnnapolis	Annapolis	\$459,063	9	Satisfactory
Blue Ridge Bank	Frederick	\$62,412	1	New Bank
Calvin B. Taylor Banking Company	Berlin	\$386,484	10	Satisfactory
Carrollton Bank	Baltimore	\$413,500	14	Satisfactory
Cecil Bank	Elkton	\$512,858	11	Outstanding
Chesapeake Bank and Trust Company	Chestertown	\$885,753	2	Satisfactory
Columbia Bank, The	Columbia	\$1,685,886	29	Satisfactory
CommerceFirst Bank	Annapolis	\$192,053	5	Satisfactory
Community Bank of Tri-County	Waldorf	\$776,197	10	Satisfactory
Congressional Bank	Potomac	\$202,986	5	Satisfactory
County First Bank	LaPlata	\$177,097	7	Satisfactory
Damascus Community Bank	Damascus	\$221,213	6	Satisfactory
EagleBank	Bethesda	\$1,582,939	14	Satisfactory

<b>Bank Name</b>	<b>Principal Location</b>	<b>Total Assets (in thousands)</b>	<b>No. of Branches</b>	<b>CRA Rating</b>
Easton Bank & Trust Company	Easton	\$164,154	7	Satisfactory
Farmers and Merchants Bank	Upperco	\$209,733	7	Satisfactory
Farmers Bank of Willards, The	Willards	\$311,892	7	Satisfactory
First Mariner Bank	Baltimore	\$1,348,071	24	Needs to Improve
First United Bank and Trust	Oakland	\$1,628,209	28	Satisfactory
Frederick County Bank	Frederick	\$257,649	4	Satisfactory
Glen Burnie Mutual Savings Bank, The	Glen Burnie	\$66,944	1	Satisfactory
Hagerstown Trust Company	Hagerstown	\$563,424	11	Satisfactory
Harbor Bank of Maryland, The	Baltimore	\$288,978	7	Outstanding
Harford Bank	Aberdeen	\$255,301	7	Satisfactory
HarVest Bank of Maryland	Rockville	\$211,631	5	Satisfactory
Hebron Savings Bank	Hebron	\$437,226	10	Satisfactory
Howard Bank	Ellicott City	\$256,498	5	Satisfactory
K Bank	Randallstown	\$661,290	8	Satisfactory
Maryland Financial Bank	Towson	\$64,363	1	N/A
Middletown Valley Bank	Middletown	\$134,811	5	Satisfactory
Monument Bank	Bethesda	\$231,892	1	Satisfactory
NBRS Financial	Rising Sun	\$255,222	8	Satisfactory
New Windsor State Bank	New Windsor	\$214,987	6	Satisfactory
Old Line Bank	Bowie	\$340,092	9	Satisfactory
Patapsco Bank, The	Baltimore	\$266,957	6	Satisfactory
Peoples Bank, The	Chestertown	\$248,595	7	Outstanding
Peoples Bank of Elkton, The	Elkton	\$148,314	2	Outstanding
Provident State Bank, Inc.	Preston	\$244,692	9	Satisfactory
Queenstown Bank of Maryland, The	Queenstown	\$437,044	9	Satisfactory
Regal Bank and Trust	Owings Mills	\$165,265	3	Satisfactory
Revere Bank	Laurel	\$85,891	2	New Bank
Saint Casimirs Saving Bank	Baltimore	\$106,665	4	Non-Compliance
Sandy Spring Bank	Olney	\$3,612,726	43	Satisfactory
Susquehanna Bank	Hagerstown	\$3,416,683	56	Outstanding
Talbot Bank, The	Easton	\$590,609	6	Satisfactory
Woodsboro Bank	Woodsboro	\$187,302	7	Satisfactory

**Total Number of State Banks: 49**

**Total Branches: 457**

**Total Employees: 5,072**

**Total Assets: \$21,792,246**



## STATE-CHARTERED CREDIT UNIONS

As of June 30, 2009

Credit Union Name	Principal Location	Total Assets (in thousands)	Field of Membership Type
Central Credit Union of Maryland	Baltimore	\$18,793	Multiple Common Bond
Destinations Credit Union	Baltimore	\$46,782	Multiple Common Bond
Fort Meade Community Credit Union	Fort Meade	\$29,155	Comm. Common Bond
Members First Credit Union	Baltimore	\$31,809	Multiple Common Bond
Municipal Employees Credit Union	Baltimore	\$956,205	Multiple Common Bond
Point Breeze Credit Union	Hunt Valley	\$662,676	Multiple Common Bond
Post Office Credit Union of MD	Baltimore	\$32,901	Single Common Bond
State Employees Credit Union of MD	Linthicum	\$2,056,683	Multiple Common Bond
U.S. Coast Guard Community Credit Union	Baltimore	\$32,970	Comm. Common Bond

<b>Total Number of State Credit Unions:</b>	<b>9</b>
<b>Total Branches:</b>	<b>36</b>
<b>Total Employees:</b>	<b>982</b>
<b>Total Assets:</b>	<b>\$3,867,974</b>

## STATE-CHARTERED NON-DEPOSITORY TRUST COMPANIES

As of June 30, 2009

Trust Company Name	Principal Location	Trust/Fiduciary Business Purpose
Brown Investment Advisory and Trust Co.	Baltimore	Investment Advisory Services
Chevy Chase Trust	Bethesda	Investment Management & Financial Planning
NewTower Trust Company	Bethesda	Trustee for Multi-Employer Property Trust
Old Mutual Asset Management Trust Company	Baltimore	Trust Administrative Services
Securities Finance Trust Company	Baltimore	Securities Lending
T. Rowe Price Trust Company	Baltimore	Investment Management

**National Banks, Federal Savings Banks and  
Other-State Banks  
Operating Branches in Maryland  
As of June 30, 2009**

<b>National Banks</b>	<b>Principal Location</b>	<b>Branches in Maryland</b>	<b>Total Assets (in thousands)</b>
Adams National Bank	Washington, DC	1	\$293,403
Asia Bank, N.A.	Flushing, NY	1	\$432,431
Bank of America, N.A.	Charlotte, NC	195	\$1,450,829,889
Bay National Bank	Baltimore, MD	2	\$316,634
BNY Mellon, N.A.	Pittsburgh, PA	1	\$7,513,015
Capital Bank, N.A.	Rockville, MD	2	\$207,240
Citibank, N.A.	Las Vegas, NV	16	\$1,165,400,000
HSBC Bank USA, N.A.	McLean, VA	2	\$158,958,805
Legg Mason Investment Counsel & Trust, NA	Baltimore, MD	1	\$82,310
Maryland Bank and Trust Company, N.A.	Lexington Park, MD	11	\$335,476
National Penn Bank	Boyertown, PA	1	\$9,525,895
PNC Bank, N.A.	Pittsburgh, PA	217	\$136,387,819
TD Bank, N.A.	Wilmington, DE	12	\$104,413,336
The Centreville National Bank of Maryland	Centreville, MD	9	\$327,130
The National Bank of Cambridge	Cambridge, MD	3	\$227,042
Wachovia Bank, N.A.	Charlotte, NC	85	\$560,556,000
Woodforest National Bank	Houston, TX	8	\$3,194,096

<b>Federal Savings Banks / Thrifts</b>	<b>Principal Location</b>	<b>Branches in Maryland</b>	<b>Total Assets (in thousands)</b>
Advance Bank	Baltimore, MD	4	\$85,970
American Bank	Rockville, MD	5	\$625,490
Arundel Federal Savings Bank, FSB	Glen Burnie, MD	6	\$465,705
Baltimore County Savings Bank, FSB	Baltimore, MD	18	\$575,565
Bay-Vanguard Federal Savings Bank	Baltimore, MD	4	\$152,753
Chesapeake Bank of Maryland	Baltimore, MD	7	\$210,080
Colombo Bank	Rockville, MD	5	\$188,617
Community First Bank	Pikesville, MD	1	\$61,141
Eastern Savings Bank, FSB	Hunt Valley, MD	5	\$996,722

<b>Federal Savings Banks / Thrifts</b>	<b>Principal Location</b>	<b>Branches in Maryland</b>	<b>Assets (in thousands)</b>
Fairmount Bank	Baltimore, MD	1	\$62,573
First Shore Federal Savings & Loan Assoc.	Salisbury, MD	7	\$302,933
Fraternity Federal Savings & Loan Assoc.	Baltimore, MD	3	\$168,222
Fullerton Federal Savings Association	Baltimore, MD	1	\$10,118
Hamilton Federal Bank	Baltimore, MD	4	\$237,781
Homewood Federal Savings Bank	Baltimore, MD	1	\$77,404
Hopkins Federal Savings Bank	Baltimore, MD	1	\$301,254
Hull Federal Savings Bank	Baltimore, MD	1	\$23,725
Ideal Federal Savings Bank	Baltimore, MD	1	\$6,717
Jarrettsville Federal Savings & Loan Assoc.	Jarrettsville, MD	1	\$85,042
Kopernik Federal Bank	Baltimore, MD	1	\$34,207
Kosciusko Federal Savings Bank	Baltimore, MD	1	\$13,223
Liberty Federal Savings & Loan Association	Baltimore, MD	3	\$49,889
Madison Bank of Maryland	Forest Hill, MD	5	\$177,938
Madison Square Federal Savings Bank	Baltimore, MD	3	\$142,718
Midstate Federal Savings & Loan Assoc.	Baltimore, MD	1	\$152,175
North Arundel Savings Bank, FSB	Pasadena, MD	1	\$31,129
OBA Bank	Germantown, MD	3	\$362,521
Presidential Bank, FSB	Bethesda, MD	2	\$597,207
Prince George's Federal Savings Bank	Upper Marlboro, MD	3	\$98,198
Rosedale Federal Savings & Loan Association	Baltimore, MD	8	\$625,234
Severn Savings Bank, FSB	Annapolis, MD	4	\$999,974
Slavie Federal Savings Bank	Bel Air, MD	2	\$190,504
Sovereign Bank	Wyomissing, PA	13	\$79,189,002
Suburban Federal Savings Bank	Crofton, MD	7	\$364,427
Sykesville Federal Savings Association	Sykesville, MD	2	\$89,208
T. Rowe Price Savings Bank	Baltimore, MD	1	\$128,300
United Medical Bank, FSB	Rockville, MD	2	\$240,435
Urban Trust Bank	Orlando, FL	1	\$117,633
Vigilant Federal Savings Bank	Baltimore, MD	1	\$54,838
Washington Savings Bank, FSB	Bowie, MD	5	\$444,856
Waterfield Bank	Germantown, MD	2	\$286,547
Wilmington Trust, FSB	Baltimore, MD	1	\$971,376

<b>Banks Chartered by Other States</b>	<b>Principal Location</b>	<b>Total Branches in Maryland</b>	<b>Assets (in thousands)</b>
Bank of Essex	Tappahannock, VA	7	\$1,297,974
Bank of Georgetown	Washington, DC	1	\$358,034
BB&T	Winston-Salem, NC	130	\$147,643,909
Cardinal Bank	McLean, VA	1	\$1,854,005
Centra Bank, Inc.	Morgantown, WV	2	\$1,236,274
Clear Mountain Bank	Bruceton Mills, WV	1	\$367,116
CNB Bank, Inc.	Berkeley Springs, WV	1	\$285,654
First-Citizens Bank & Trust Company	Raleigh, NC	1	\$14,603,056
Graystone Tower Bank	Lancaster, PA	3	\$1,270,384
Imperial Capital Bank	La Jolla, CA	1	\$4,211,389
Industrial Bank	Washington, DC	1	\$361,086
Jefferson Security Bank	Shepherdstown, WV	1	\$239,209
John Marshall Bank	Falls Church, VA	1	\$185,957
M&T Bank	Buffalo, NY	256	\$68,667,841
Miners & Merchants Bank	Thomas, WV	1	\$46,167
Northwest Savings Bank	Warren, PA	5	\$7,149,612
Orrstown Bank	Shippensburg, PA	2	\$1,110,854
PeoplesBank	Glen Rock, PA	2	\$834,817
Shore Bank	Onley, VA	3	\$291,829
Standard Bank, PaSB	Murrysville, PA	2	\$383,828
Stonebridge Bank	Exton, PA	1	\$483,528
SunTrust Bank	Atlanta, GA	136	\$170,139,951
Susquehanna Bank	Lititz, PA	45	\$13,643,217
The Bank of Delmarva	Seaford, DE	11	\$392,272
United Bank	Fairfax, VA	8	\$4,017,598
United Central Bank	Garland, TX	1	\$1,142,620
WashingtonFirst Bank	Reston, VA	2	\$326,009
Woori America Bank	New York, NY	1	\$1,116,268

## ENFORCEMENT

### Investigations and Enforcement Annual Overview

*Stephen Prozeralik, Assistant Commissioner*

The Enforcement Unit is supervised by Assistant Commissioner Prozeralik and is comprised of six investigators, including two bi-lingual English/Spanish speaking investigators.

In the past fiscal year, the Unit investigated 239 cases which constitutes a 17% increase in the number of investigations compared to last year. Of those cases, 161 of them were mortgage-fraud related.

Members of the Unit remained proactive in fighting mortgage fraud all year by participating in foreclosure prevention seminars sponsored by the Governor and other elected officials.

The newest type of fraud to descend on Maryland residents has been loan modification services offered by third party companies. Since adjustable rate mortgages were due to reset to higher rates this past year, banks and other mortgage lenders were offering loan modifications as way to help homeowners avoid foreclosure by modifying their mortgages to a more affordable rate. Many of the homeowners facing this predicament decided to contract with third party companies for this assistance. Unfortunately as many people discovered, many of these companies were more interested in collecting upfront fees from consumers rather than providing any services. People who paid anywhere from \$3,000 to \$5,000 for service discovered that no efforts were ever made to contact the consumer's mortgage company and the companies closed up and disappeared after taking all of their money. As a result, the Unit has been investigating more than one hundred of this type of complaint.

The 2009 fiscal year also saw an unprecedented level of cooperation among local, state and federal authorities in combating mortgage fraud. Commissioner Sarah Bloom Raskin signed an agreement that allowed the Enforcement Unit to join

a Mortgage Fraud Task Force sponsored by Office of the Maryland United State's Attorney Rod Rosenstein. The Division of Financial Regulation actively participated in the Task Force and with the combined resources of the participating agencies, significant enforcement actions were cooperatively taken against licensed and unlicensed violators of mortgage fraud.

There has been increased enforcement of mortgage fraud by local police departments as more and more law enforcement agencies become aware of the scope and breadth of the mortgage fraud issues facing Marylanders. The members of the Enforcement Unit provided assistance and expertise to those police agencies investigating these crimes. In September 2009, the Mortgage Fraud Task Force and the Commissioner of Financial Regulation sponsored an all day mortgage fraud training seminar that was held at the Howard County Police Department Training Academy. The members of the Unit participated as instructors in several of the courses offered. The Unit has also worked closely with the Prince George's County State's Attorney's Office that has a prosecutor on staff dedicated solely to mortgage fraud issues.

In fiscal year 2009, all of the principals involved in the Metropolitan Money Store mortgage fraud case, one of the largest in Maryland history, pled guilty to the fraud in federal court. This case had been jointly investigated by the Commissioner of Financial Regulation and the FBI. The ten persons who pled guilty were sentenced to various prison terms ranging from three to ten years for their involvement.

## **Summary of Investigations and Enforcement Actions Taken During FY 2009**

The Metropolitan Money Store case was one of the largest mortgage fraud cases ever committed in Maryland history. It began as a case with two victims, but as the Commissioner of Financial Regulation investigators delved deeper, well over 150 victims were identified in a fraud that totaled over 35 million dollars in losses. After a two year joint DLLR-FBI investigation, ten defendants pled guilty this past year in federal court and are awaiting sentencing.

Another long term case-the investigation began four years ago-involving Commissioner of Financial Regulation investigators resulted in a guilty plea by a former licensed mortgage broker. The broker pled guilty to one count of felony theft and one count of violation of a fiduciary duty for theft of \$350,000.00 and will be sentenced in July 2009.

A third successful Financial Regulation investigation resulted in the prosecution of two individuals working together in a foreclosure rescue scam. The two persons were indicted in Prince George's County and they recently pled guilty in Circuit Court to several counts of theft and violations of the Protection of Homeowners in Foreclosure Act (PHIFA). One person agreed to restitution of \$60,000.00 to the victims and the second person will pay \$90,000.00 in restitution. A fourth Financial Regulation investigation resulted in a similar PHIFA indictment against a former DLLR licensed loan officer and it went to trial in Prince George's County in July 2009.

## NON-DEPOSITORY INSTITUTIONS

### Compliance Examinations Annual Overview

*George Kinsel, Director*

The Compliance Unit is responsible for monitoring the business activities of over 5,000 licensees, ensuring their compliance with State and federal laws and regulations. These licensees provide a myriad of financial services and products, including consumer purchase financing, personal loans, real estate secured loans, check cashers, money transmitters, and debt management services.

The majority of licenses (over 3,000) are issued for the purpose of conducting mortgage lending activities in Maryland. The Compliance Unit focuses most of its resources on this group of licensees. The range of services offered by these companies, coupled with the multitude of laws and regulations governing the extension of credit, makes compliance a challenging arena. As a result of the compliance examinations conducted by this unit, Maryland consumers received refunds of \$1,641,433. The Compliance Unit also levies fines and penalties on licensees that are not in compliance with the law. In Fiscal Year 2009, \$913,445 in fines and penalties were collected as a result of examination findings. Both of these figures represent record amounts from any previous fiscal year.

The Compliance Unit participated in a multi state examination of one of the nation's largest mortgage lenders. As a result of this examination, fourteen states entered into a Consent Order with the mortgage lender which required the lender to pay a \$9,000,000 penalty which was divided equally among the states. Half of each state's share was paid directly to the state and the other half was paid to the Nationwide Mortgage Licensing System

("NMLS") on behalf of the state.

In July of 2008, Congress enacted the Safe and Fair Enforcement for Mortgage Licensing Act, more commonly known as the SAFE Act. The Act required either licensing or registration of all mortgage loan originators and set new criteria for the licensing of mortgage loan originators, including pre-licensing education, testing and continuing education. Members of the Compliance Unit served on the national SAFE Testing and Education Committee as well as the committee which developed the Maryland specific portion of the SAFE mandated test.

The Compliance Unit has expanded its focus from a strictly compliance-based examination to one that also includes assessing underwriting standards. This change is intended to help address the underwriting deficiencies that contributed to the mortgage industry crisis.

The Compliance Unit has participated in joint examinations with other states, and was also part of a pilot examination project that included the Federal Reserve, the Federal Trade Commission, and the Office of Thrift Supervision. Members of the Compliance Unit have been assigned to participate on various national committees working to standardize the state system of mortgage regulation. These committees include the: Ability to Repay Examination Committee; Electronic Disclosures Committee; Reverse Mortgage Examination Committee; and Mortgage Servicing Committee.

The Compliance Unit developed examination procedures and guidelines for the examination of mortgage servicers given their unique properties

and regulatory problems. The unit has shared these procedures and guidelines with other states and was the lead state on an examination of a servicer with another state which had just been given statutory authority to regulate mortgage servicers. Other states have expressed interest in partnering with the Compliance Unit in the examination of a mortgage servicer.

The Compliance Unit looks for opportunities that will enable it to perform a greater number of examinations while targeting those licensees most likely to have problems with their operations. To that end, the Compliance Unit continues to participate in multi-state examinations. In the future, pursuant to an agreement entered into between Compliance Ease, the American Association of Residential Mortgage Regulators (“AARMR”) and the Conference of State Bank Supervisors (“CSBS”), the Unit will be using Compliance Ease software. The software will enable examiners to download a company’s entire portfolio and select particular mortgage loans. The program also allows for examiners to input loan information for small operations.

The Compliance Unit participates in weekly regulator conference calls sponsored by the American Association of Residential Mortgage Regulators (“AARMR”) and participates fully in discussions of problem companies as they come to the attention of the regulators.

### **Non-Mortgage Compliance**

The Unit examines check cashers, debt management companies and money transmitters to ensure that those industries comply with state and federal laws and regulations.

The check cashing industry provides check cashing services to Marylanders.

The debt management industry services Marylanders in managing their debt loads and acts as an intermediary between the consumer

and lending institutions, mainly, credit card companies. Maryland law limits the fees that can be charged to consumers and provides bond coverage to ensure all deposited funds are safe. State law requires disclosure of all terms that are included in the Debt Management Plan signed by the customer.

The money transmission industry includes diverse financial products such as money orders, travelers checks, bill payers, bi-weekly mortgage payment providers, prepaid stored valued card providers, and actual money transmitters. These companies have transactions totaling over 10 billion annually from Maryland customers.

Money transmitters are regularly examined to ensure that they maintain surety bond requirements, minimum capital requirements, and compliance with all state and federal Bank Secrecy Act and Anti-Money Laundering regulations.



## NON-DEPOSITORY INSTITUTIONS

### Licensing Annual Overview

*Anne Ecker, Director*

The Licensing Unit of the Commissioner's Office is responsible for the licensing of approximately 11,000 non-depository institutions and individuals. The large majority of these licensees are in the business of consumer credit, mortgages, and retail sales financing. In addition, the Commissioner's office licenses check cashers, collection agencies, debt management companies, mortgage loan originators, and money transmitters.

In Fiscal Year 2009, the number of licensees diminished by approximately 7,000 licensees. With the exception of the collection agency licenses, where there was a slight increase, all other categories of licenses decreased. Specifically, mortgage loan originator and mortgage lender licenses experienced the highest rate of decline — approximately 5,000 and 1,000 respectively. Due in part to the continued instability in the national economy, during fiscal year 2009, mortgage brokers and the subprime mortgage products they offered virtually disappeared from the market. Additionally, as mortgage lending licensing standards were raised, many thinly capitalized mortgage brokers went out of business. As mortgage brokers closed their businesses, mortgage loan originators who worked for them also surrendered or did not renew their licenses.

In July 2008, Congress enacted the Housing and

Economic Recovery Act of 2008, which contains the S.A.F.E. Mortgage Licensing Act ("Safe Act") and requires all mortgage loan originators to be licensed or registered by the Nationwide Mortgage Licensing System ("NMLS"). In 2009, to conform to the SAFE Act, Maryland passed Senate Bill 269 which requires state mortgage licensees to be compliant with the new standards prescribed by federal law. This legislation became effective July 1, 2009. Licensees began transitioning their Maryland mortgage lender and mortgage loan originator licenses to NMLS around May 11, 2009.

The federal legislation requires licensing of all mortgage loan originators. Maryland law had previously exempted mortgage loan originators who worked for mortgage lenders and those individuals who previously owned 25% or more of the mortgage lender licensee. These previously exempt individuals are now required to apply for mortgage loan originator licenses.

It is expected that by the end of calendar year 2010, Maryland's transition to the NMLS will be complete. As the agency previously issued staggered expiration dates and a two-year license, the transition to the NMLS and a one-year license cycle with a common expiration date has proved to be challenging.

**New Business Licensees and  
Total Current Business Licensees by Category  
July 1, 2008 to June 30, 2009**

	New Licensees	Total Licensees
Mortgage Lender	707	2,437
Check Cashers	93	493
Sales Finance	105	588
Installment Loan	25	122
Collection Agency	262	1,457
Consumer Loan	28	171
Money Transmitter	6	75
Debt Management	3	35
Mortgage Insurance Producers	5	127
Mortgage Originator	2,018	5,900
<b>TOTAL</b>	<b>3,252</b>	<b>11,405</b>

**Consolidated Written Consumer Complaint Analysis  
Fiscal Years Ending June 30**

Complaint Type	2009	2008	2007	2006
Mortgage Complaints	654	601	419	451
Collection Agency Complaints	590	589	596	491
Non-Maryland Bank Complaints (*)	636	538	649	771
Credit Reporting Complaints	407	483	632	604
General Consumer Complaints	238	236	188	208
Maryland Bank and Credit Union Complaints	88	76	66	78
Miscellaneous Complaints	37	34	47	79

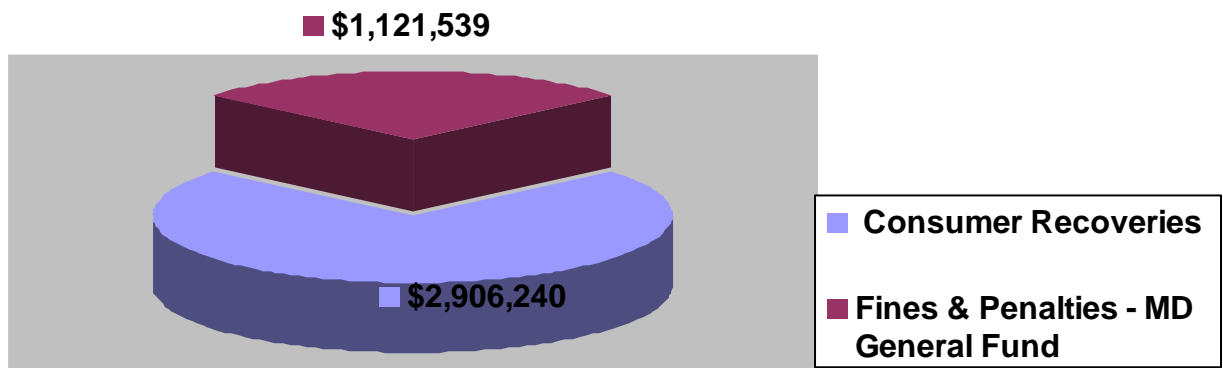
<b>Consolidated Annual Complaint Totals</b>	<b>2,650</b>	<b>2,597</b>	<b>2,682</b>	<b>2,899</b>
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(\*) Complaints received against institutions not regulated by this office, including national banks, federal savings banks, savings and loan associations, and out-of-state banks.

## Monetary Recoveries for Consumers and the Maryland General Fund July 1, 2008 to June 30, 2009

Monetary recoveries for consumers are an essential part of the Commissioner's commitment to protect the public from economic harm caused by problems in the consumer credit market. During fiscal year 2009, the Commissioner's Office recovered a total of \$2.9 million for consumers. This represents an increase of 123% over fiscal year 2008 figure of \$1.3 million. These recoveries included refunds for consumers who were charged amounts not permissible under State or federal law, elimination of charges or fees that were not properly imposed, and other forms of relief.

Additionally, as a result of our investigations, the Commissioner's Office imposed fines and penalties on consumer lender licensees that we determined had violated various State laws and/or regulations. The fines and penalties exceeded \$1.1 million, which was an increase of 186% over the previous year's figure of \$390,000. These fines were paid to the State's General Fund, and were primarily related to the activities of unlicensed mortgage companies and mortgage originators.



# OFFICE OF THE COMMISSIONER OF FINANCIAL REGULATION

## MISSION

The Office of the Commissioner of Financial Regulation supervises the activities of the financial services industry under its regulatory authority through periodic on-site examinations and off-site monitoring programs. The mission of the Commissioner's Office is to ensure that the citizens of Maryland are able to conduct their financial transactions in safe, sound, and well-managed institutions, while providing a flexible, yet sound regulatory environment that promotes fair competition, encourages innovative business development, and supports the economy of Maryland.

## ACCREDITATION

Since July 13, 1992, the Office of the Commissioner of Financial Regulation has been accredited by the Conference of State Bank Supervisors (CSBS). The Commissioner's Office is proud of this accreditation, and was granted recertification in December 2007 after demonstrating compliance with the approval standards established by CSBS. CSBS is a national organization that represents the interests of state banking departments. State banking departments must undergo a re-accreditation examination and audit every five years and submit annual assessment updates in order to retain certification. The CSBS Accreditation Program is designed to encourage the standardization of supervision and regulation of state chartered banks, identify weaknesses, and capitalize on the strengths of state banking departments. The process assists the Commissioner's Office to effectively carry out its responsibilities of chartering and supervising State chartered financial institutions, of ensuring industry safety and soundness, legal and regulatory compliance, and providing responsive service.

## OFFICE REVENUE and EXPENDITURES

The Office of the Commissioner of Financial Regulation is a self-supporting unit of the State Government, with little of its operating expenditures funded from tax revenues. The Office's funding is obtained mostly from the supervision, examination, application, and licensing fees assessed upon those financial institutions regulated by the Commissioner. During fiscal year 2009, funds collected by the Commissioner's Office were remitted to the State's General Fund, with the exception of four Special Funds, which are directly funded by Maryland-licensed mortgage lenders, money transmitters, debt management companies and Maryland state chartered banks, credit unions and non-depository trust companies to cover the costs of supervising those industries. The following charts compare the Office's revenue and expenditures for fiscal years 2008 and 2009.

**REVENUE and EXPENDITURES**  
**General Fund**  
**Fiscal Years Ending June 30**

<b>REVENUE</b>	<b>FY 2009**</b>	<b>FY 2008</b>
Depository Assessments	\$0	\$2,583,911
Depository Amendment and Filing Fees	\$0	\$23,720
Non Depository Examinations	\$0	\$199,030
Non Depository Investigation & License Fees	\$1,300,090	\$1,300,816
Penalties – Cash*	\$800,111	\$392,238
Penalties – Non Cash	\$321,428	\$0
Miscellaneous Income/Other	\$2,415	\$3,344
<b>TOTAL REVENUE</b>	<b>\$2,424,044</b>	<b>\$4,503,059</b>

\*All fines and penalties from all Programs are deposited into the General Fund.

\*\* All depository revenues were moved to the Bank/CU Special Fund as of July 1, 2008.

<b>EXPENDITURES</b>	<b>FY 2009</b>	<b>FY 2008</b>
Salaries and Benefits	\$792,439	\$2,613,126
Technical and Special Fees	\$0	\$34,945
Communication	\$0	\$88,575
Travel/Training	\$810	\$222,233
Lease Expense, Parking Facilities	\$139	\$5,532
Contractual Services	\$0	\$57,367
Supplies and Materials	\$0	\$3,389
Equipment	105	\$5,396
Fixed Charges, Rent	\$0	\$31,303
<b>TOTAL EXPENDITURES</b>	<b>\$793,493</b>	<b>\$3,061,866</b>
<b>Net Revenue</b>	<b>\$1,630,551</b>	<b>\$1,441,193</b>

**REVENUE and EXPENDITURES**  
**Bank & Credit Union Special Fund**  
**Fiscal Years Ending June 30**

<b>REVENUE</b>	<b>FY 2009</b>	<b>FY 2008 *</b>
Bank & Credit Union Annual Assessments	\$3,564,206	
Non-Depository Trust Comp. Annual Assessments	\$178,179	
Depository Amendment and Filing Fees	\$47,140	
Miscellaneous Income/Other	\$88,107	
<b>TOTAL REVENUE</b>	<b>\$3,877,632</b>	

\* The Bank/CU Special Fund was created as of July 1, 2008. Before that date, all fees were deposited into the General Fund.

<b>EXPENDITURES</b>	<b>FY 2009</b>	<b>FY 2008</b>
Salaries and Benefits	\$2,083,585	
Technical and Special Fees	\$136,810	
Communication	\$74,656	
Travel/Training	\$204,820	
Lease Expense, Parking Facilities	\$7,325	
Contractual Services	\$212,554	
Supplies and Materials	\$2,946	
Equipment	\$33,072	
Fixed Charges, Rent	\$34,442	
Administrative Expenses	\$420,444	
<b>TOTAL EXPENDITURES</b>	<b>\$3,210,655</b>	

<b>Net Revenue</b>	<b>\$666,977</b>
<b>Balance Carried Forward (End of FY)</b>	<b>\$666,977</b>

**REVENUE and EXPENDITURES**  
**Special Fund – Debt Management**  
**Fiscal Years Ending June 30**

<b>REVENUE</b>	<b>FY 2009</b>	<b>FY 2008</b>
Non Depository Examinations	\$26,052	\$10,447
Non Depository Investigation & Licensing Fees	\$28,000	\$130,000
Miscellaneous Income/Other	\$350	\$0
<b>Total Revenue</b>	<b>\$54,402</b>	<b>\$140,447</b>

<b>EXPENDITURES</b>	<b>FY 2009</b>	<b>FY 2008</b>
Salaries and Benefits	\$13,385	\$101,104
Technical and Special Fees	\$0	\$0
Communication	\$0	\$205
Travel/Training	\$17,007	\$17,282
Lease Expense, Parking Facilities	\$919	\$1,150
Contractual Services	\$10	\$150
Supplies and Materials	\$0	-\$115
Equipment	\$0	\$0
Fixed Charges, Rent	\$52	\$60
Administrative Expenses	\$7,460	\$17,531
<b>Total Expenditures</b>	<b>\$38,833</b>	<b>\$137,367</b>

<b>Net Revenue</b>	<b>\$15,569</b>	<b>\$3,080</b>
<b>Balance Carried Forward (End of FY)</b>	<b>\$23,226</b>	<b>\$7,657</b>

**REVENUE and EXPENDITURES**  
**Special Fund – Money Transmitters**  
**Fiscal Years Ending June 30**

<b>REVENUE</b>	<b>FY 2009</b>	<b>FY 2008</b>
Non Depository Examinations	\$19,000	\$13,901
Non Depository Investigation & Licensing Fees	\$23,179	\$334,000
Miscellaneous Income/Other	\$7,527	\$0
<b>Total Revenue</b>	<b>\$49,706</b>	<b>\$347,901</b>

<b>EXPENDITURES</b>	<b>FY 2009</b>	<b>FY 2008</b>
Salaries and Benefits	\$209,197	\$117,763
Technical and Special Fees	\$0	\$0
Communication	\$261	\$227
Travel/Training	\$35,816	\$35,025
Lease Expense, Parking Facilities	\$2,075	\$1,536
Contractual Services	\$19	\$3,177
Supplies and Materials	\$108	\$680
Equipment	\$0	\$0
Fixed Charges, Rent	\$979	\$1,003
Administrative Expenses	\$33,972	\$17,934
<b>Total Expenditures</b>	<b>\$282,427</b>	<b>\$177,345</b>

<b>Net Revenue</b>	<b>(\$232,721)</b>	<b>\$170,556</b>
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<b>Balance Carried Forward (End of FY)</b>	<b>\$227,005</b>	<b>\$459,726</b>
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**REVENUE and EXPENDITURES**  
**Special Fund – Mortgage Originators**  
**Fiscal Years Ending June 30**

<b>REVENUE</b>	<b>FY 2009</b>	<b>FY 2008</b>
Non Depository Examinations	\$549,137	\$252,267
Non Depository Investigation & Licensing Fees	\$2,622,484	\$2,803,367
Interest on Fund Balance	\$129,516	\$334,270
Miscellaneous Income/Other	\$14,577	\$21,040
<b>Total Revenue</b>	<b>\$3,315,714</b>	<b>\$3,410,944</b>

<b>EXPENDITURES</b>	<b>FY 2009</b>	<b>FY 2008</b>
Salaries and Benefits	\$3,609,264	\$3,535,374
Technical and Special Fees	\$257,286	\$301,844
Communication	\$97,156	\$8,915
Travel/Training	\$61,471	\$81,012
Lease Expense, Parking Facilities	\$36,833	\$25,853
Contractual Services	\$435,214	\$386,030
Supplies and Materials	\$39,965	\$21,676
Equipment	\$5,108	\$64,974
Fixed Charges, Rent	\$128,499	\$119,284
Administrative Expenses	\$743,822	\$644,820
<b>Total Expenditures</b>	<b>\$5,414,617</b>	<b>\$5,189,782</b>

<b>Net Revenue</b>	<b>(\$2,098,903)</b>	<b>(\$1,778,089)</b>
<b>Balance Carried Forward (End of FY)</b>	<b>\$1,633,186</b>	<b>\$3,732,089</b>

**OFFICE OF FINANCIAL REGULATION  
MANAGEMENT ORGANIZATION CHART  
As of December 31, 2009**

**Sarah Bloom Raskin**  
Commissioner

**Mark A. Kaufman**  
Deputy Commissioner

**Teresa M. Louro**  
Assistant Commissioner  
Bank Supervision

**Stephen Prozeralik**  
Assistant Commissioner  
Enforcement and Complaints

**Joseph E. Rooney**  
Assistant Commissioner  
Administration and Credit Union Supervision

**Marcia A. Ryan**  
Assistant Commissioner  
Depository Corporate Activities

**Anne Ecker**  
Director  
Non-Depository Licensing

**Michael J. Jackson**  
Director  
Regulatory Policy

**George Kinsel**  
Director  
Non-Depository Compliance

**BOARDS**  
**As of June 30, 2009**

**Maryland Banking Board**

The Maryland Banking Board is a nine-member advisory group, consisting of the State Comptroller and eight members appointed by the Governor. The eight appointed positions include: three banking industry representatives, an economist, a certified public accountant, a consumer representative, and two public members. The function of the Board is to provide impartial advice, as needed, on certain bank applications submitted to the Commissioner, and on other general matters concerning the business of banking in this State. The Board meets at the request of the Commissioner.

**Board Members**

**Hon. Peter Franchot**  
State Comptroller

**Vacant**  
Banking Representative

**Vacant**  
Public Member

**Kamran A. Khan**  
Economist

**John R. Lane**  
Banking Representative

**Vacant**  
Public Member

**Vacant**  
Certified Public Accountant

**Vacant**  
Banking Representative

**Helen Won**  
Consumer Representative

**Maryland Collection Agency Licensing Board**

The Maryland Collection Agency Licensing Board has statutory responsibility for the licensing of collection agencies operating in Maryland. The Governor, with the consent of the Senate, appoints the four-member board, consisting of two consumer representatives and two industry representatives. The Commissioner serves as Chairman. The Board addresses written complaints, conducts hearings on alleged violations, mediates disputes, and issues orders requiring licensees to correct violations. The Board informs both licensees and the public about abusive debt collection practices.

**Board Members**

**Sarah Bloom Raskin**  
Chairman

**Stephen Hannan**  
Consumer Member

**Susan Hayes**  
Industry Member

**Eileen Farnham-Brandenberg**  
Consumer Member

**Joanne Young**  
Industry Member

**Office of the Commissioner of Financial Regulation**  
**Commissioners**  
**As of December 31, 2009**

	<b>From</b>	<b>To</b>
Sarah Bloom Raskin	2007	Present
Charles W. Turnbaugh	2003	2007
Mary Louise Preis	1999	2003
H. Robert Hergenroeder <sup>1</sup>	1996	1999
Margie H. Muller	1983	1996
Joseph R. Crouse	1980	1983
W. H. Holden Gibbs	1978	1980
William L. Wilson	1971	1978
William A. Graham	1967	1971
Herbert R. O'Connor, Jr.	1963	1967
W. R. Milford	1960	1963
William F. Hilgenberg	1959	1959
William H. Kirkwood, Jr.	1951	1959
Joseph P. Healy	1950	1951
J. Millard Tawes	1947	1950
John W. Downing	1939	1947
Warren F. Sterling	1935	1939
John J. Ghingher	1933	1935
George W. Page	1919	1933
J. Dukes Downs	1910	1919

<sup>1</sup> In 1996, the Bank Commissioner's Office was merged by statute with the Office of Consumer Credit, resulting in the change of title from Bank Commissioner to Commissioner of Financial Regulation.