



OFFICE OF THE COMMISSIONER
OF FINANCIAL REGULATION
Maryland Department of Labor

ANNUAL REPORT

FOR FISCAL YEAR ENDED
JUNE 30, 2019



Presented to:

Larry Hogan, *Governor*

Boyd K. Rutherford, *Lt. Governor*

Antonio P. Salazar, *Commissioner* | Teresa M. Louro, *Deputy Commissioner*

Table of Contents



Office: About Us	1	Licensing	32
Management		Non-Depository	
Organizational Chart	2	Supervision	35
Commissioner's Comments	3	Mortgage Supervision	36
State Collection Agency		Money Transmission	
Licensing Board	7	Supervision	38
Student Loan		Foreclosure Administration	40
Ombudsman	8	Enforcement	43
Innovation Contact	9	Consumer Services &	
Fiscal Year Highlights	10	Community Outreach	45
Accreditation	11	Financials	48
Legislative Summary	12	Historical List of	
Depository Supervision	17	Commissioners	56
Depository Corporate		Historical List of Deputy	
Activities	26	Commissioners	57

ABOUT US

The Office of the Commissioner of Financial Regulation (“Office”) is responsible for chartering and supervising Maryland state-chartered banks, credit unions, and trust companies; licensing and supervising state-licensed financial institutions including mortgage lenders, mortgage brokers, mortgage servicers, mortgage loan originators, affiliated insurance producer-originators, check cashers, money transmitters, consumer debt collection agencies, consumer lenders, installment lenders, sales finance businesses, credit services businesses, debt management companies; and registering and supervising credit reporting agencies and debt settlement companies, to ensure compliance with the laws and regulations of Maryland. Maryland law gives the Office enforcement authority over chartered, licensed and supervised institutions and the Office possesses its own investigative and enforcement resources with which to enforce Maryland law. Additionally, when appropriate, the Office works cooperatively with other state and federal regulatory and law enforcement agencies to investigate and prosecute violations of law.

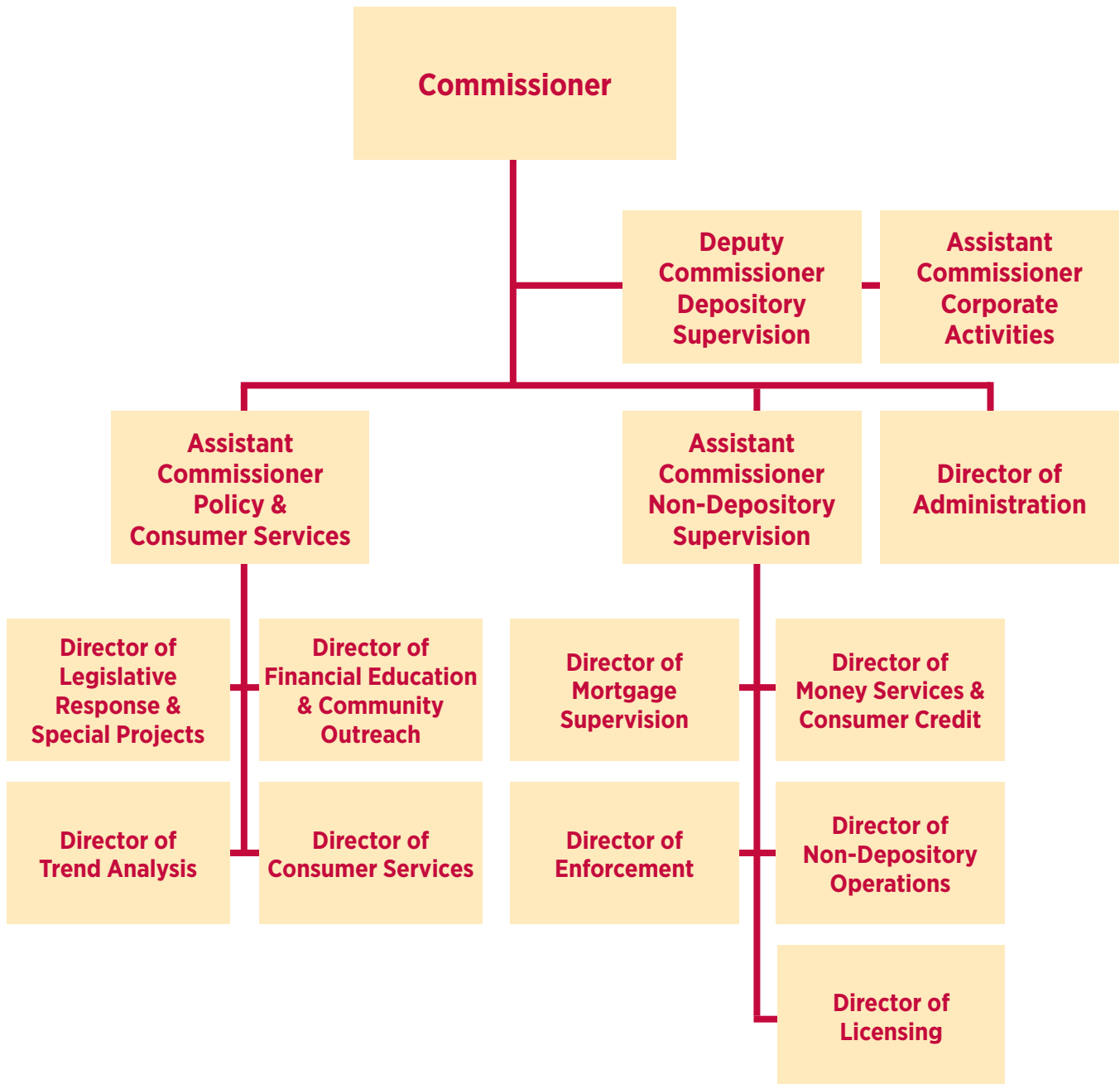
The Office serves as a resource to consumers and to the entities and individuals that it supervises and regulates. In order to foster compliance with Maryland law, the Office regularly provides information and assistance to regulated entities and individuals by providing guidance on their responsibilities under Maryland law. The Office provides assistance to consumers by investigating complaints of questionable business practices involving state-chartered, licensed, and registered financial institutions under its supervision and authority. Office staff is in regular contact with interested federal, state, local and non-profit agencies and entities to keep abreast of issues and trends affecting Maryland consumers and businesses. The Office also conducts outreach focused on foreclosure and mortgage delinquencies in the state. Additionally, the Office helps to connect Maryland consumers to effective financial education that is available through the state and nationally.

The Commissioner and staff regularly provide support and information about financial regulatory matters to the Governor, Secretary of the Department of Labor, other state agencies, and the Maryland General Assembly. This Report is the Office’s 109th consecutive Report to the Governor and General Assembly.

MISSION STATEMENT

Mission Statement: The Office 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 Office is to ensure that the citizens of Maryland are able to conduct their financial transactions through safe, sound, and well-managed institutions that comply with Maryland law, including various consumer protection provisions, while providing a flexible, yet sound regulatory environment that promotes fair competition, encourages innovative business development, and supports the economy of Maryland.

Management Organizational Chart



COMMISSIONER'S COMMENTS



Antonio P. Salazar has been the Commissioner of Financial Regulation at the Office since July 5, 2017.

Mr. Salazar has more than 30 years of experience in banking law, commercial financing transactions, loan restructurings and work-outs, real estate and general business law transactions.

He holds a law degree from The George Washington University Law School and a bachelor's degree from Georgetown University. Mr. Salazar is admitted to practice law in the states of Maryland and Connecticut, and in the District of Columbia.

OFFICE OF THE COMMISSIONER OF FINANCIAL REGULATION

Senior Management Team as of June 30, 2019

Antonio P. Salazar
Commissioner

Teresa M. Louro
Deputy Commissioner

Jedd R. Bellman
Assistant Commissioner - Non-Depository Supervision

Sean J. McEvoy
Assistant Commissioner - Policy and Consumer Services

Frieda M.A. McWilliams
Director of Administration

Vacant
Assistant Commissioner - Corporate Activities

MESSAGE FROM THE COMMISSIONER

During Fiscal Year (“FY”) 2019, the Office continued to successfully pursue its dual-purpose mission of supervising the activities of the financial services industry and of protecting Maryland consumers. It carried out its mission all while promoting fair competition and encouraging innovative business development in support of Maryland’s economy. From an operational perspective, FY 2019 saw the Office integrating new employees, supervising near record numbers of licensed entities and individuals, pursuing a broad legislative agenda, engaging in significant enforcement matters for the benefit of Maryland consumers, and implementing new efforts such as the innovation contact as described on page 9.

Several new initiatives worthy of highlighting are the Office’s enhanced outreach efforts and the commencement of the Student Loan Ombudsman program. On October 1, 2018, Sean McEvoy, the Assistant Commissioner for Policy and Consumer Services, assumed the duties of Maryland’s first Student Loan Ombudsman upon appointment by the Commissioner as mandated by 2018 Consumer Protection Act. Coincidentally with that appointment, the Commissioner’s website launched a portal providing information about the Ombudsman office and student loan servicing issues. As the fiscal year progressed, the Office and the Ombudsman have continued to build-out the ombudsman function and the registration of student loan servicers. Those activities are described in more detail in the Reports of the Commissioner and Student Loan Ombudsman entitled, respectively, “Report of the Commissioner on the Implementation and Effectiveness of Maryland’s Student Loan Ombudsman Program” and “Report of the Student Loan Ombudsman for the year ending December 31, 2018” that were submitted to the General Assembly and can be found on the Commissioner’s website at: <http://www.labor.maryland.gov/finance/finregombudrep2018.pdf>.

The Office also initiated an active outreach effort towards consumers and their representatives by starting the practice of holding “listening sessions”. Each quarter, senior staff and the Commissioner travelled to different parts of the State to meet with local community groups and other stakeholders in order to exchange information about consumer issues and the resources available through our Office. Along with this outreach to consumers, throughout the year, our Office also engaged various industry groups to provide them with information about applicable laws and our Office’s expectations as to their operations. An example of these efforts was our participation in the Maryland Association of Financial Service Centers 2018 meeting.

On the legislative front, the Office’s focus was primarily on consumer protection and non-depository activities, including the completion of the transition of the licensing and registration of regulated, non-depository entities to the Nationwide Multistate Licensing System (“NMLS”) and the establishment of new net worth requirements for mortgage originators and servicers. The Office successfully promoted the passage of five bills on those topics. Those bills, all signed by Governor Hogan, are described in detail in the Legislative Summary portion of this Report.

MESSAGE FROM THE COMMISSIONER

During the course of FY 2019, the Commissioner also continued to serve as a member of two legislative Commissions; the Maryland Commission on Financial Education and Capability and the Maryland Financial Consumer Protection Commission each of which prepared and submitted a report as required by Maryland law. On October 1, 2018, the Office prepared and submitted to the Maryland General Assembly's Budget Committees a report on the credit availability in the sub- and near-prime consumer personal loan market in Maryland from FY 2014 to FY 2017.



Maryland's economy continued its strong performance throughout FY 2019. That strength benefitted not only the Office, which saw its fund balances rise for another year, but also Maryland's consumers and institutions regulated by the Office. Maryland-chartered financial institutions contributed to and participated in the economic success. The fiscal year saw the overwhelming majority of Maryland chartered financial institutions continue to grow their loan balances, produce healthy earnings, and, as a result, remain well-capitalized as demonstrated by the healthy growth in the combined capital leverage of Maryland-chartered banks. Non-depository institutions also generally experienced increases in their businesses and the total number of entities and individuals licensed by the Office as of the end of FY 2019 was 16,759; a total that remains consistent with the elevated levels of the past three fiscal years. Finally, the data demonstrates that the majority of Maryland consumers also participated in the growing economy during FY 2019 as Maryland's unemployment rate fell from 4.3% to 3.8%, median household income grew to a level of over \$83,000, and the rate of mortgages that were delinquent between 30 and 89 days decreased to the lowest level in over a decade to approximately 2.1%.

Reflecting confidence in the marketplace, merger and acquisition activity in the banking sector continued at a steady pace and the Office experienced an increase in contacts from groups inquiring about the process to establish a de novo bank in Maryland. By the end of FY 2019, the Office had received and began processing the first application for the establishment of a de novo bank in Maryland since 2007. The proposed bank, to be named NXG Bank, proposes to establish its headquarters in Columbia, Maryland. Notice of the application was published in the Maryland Register on June 21, 2019.

Operationally, the Office continued to meet its performance targets with regards to examination, licensing, and complaint resolutions:

- bank and credit union examinations started within the statutory timeframe: 100%
- new non-mortgage applications approved within 60 days: 78%
- average number of days to resolve non-depository complaints : 47

MESSAGE FROM THE COMMISSIONER

The Office continued its tradition of cooperation with, and leadership among the states. The highlights of the cooperative efforts included the Office's continued involvement with over a half a dozen multi-state and state-federal organizations. Members of the Office served in leadership roles in some of these organizations including, The Conference of State Bank Supervisors ("CSBS"), in which Commissioner Salazar began a term as District 1 Chairman, service as a CSBS director and member of the Legislative Committee, and in which Assistant Commissioner Bellman served on CSBS' NMLS Policy Committee; American Association of Residential Mortgage Regulators ("AARMR") in which Director Charland served as a board member and an AARMR appointee to the Multi-state Mortgage Committee; North American Collection Agency Regulatory Association ("NACARA") in which Assistant Commissioner Bellman served as Vice President and Examiner Kelly Mack served as a Chair of the Annual Conference Committee. Additionally, the Office participated in various significant multi-state settlements including those with Nationstar Mortgage and Ocwen Mortgage Company each of which resulted in significant consumer recoveries and establishment of nationwide standards.

The Office's Consumer Services Unit handled an increased volume of complaints and the Enforcement Division undertook several significant investigations that resulted in significant settlements that benefitted Maryland consumers including reaching a settlement with Equifax, Inc. and its related companies in May, 2019 over their consumer reporting practices and use of collected consumer data. Details on the settlements and important work of these two Divisions is found later in this Report.

In conclusion, FY 2019 was a successful year for the Office and that success resulted in increased consumer protections and a well-functioning financial services marketplace that benefitted both businesses and the citizens of the State of Maryland.



State Collection Agency Licensing Board

The State Collection Agency Licensing Board (“Board”) was established by the Legislature in 1977 and resides within the Office. The Board has statutory responsibility for the licensing and regulation 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 of the Board. The Board remains committed to accomplishing its original objective of industry compliance with state law, while promoting a safe and sound collection industry in the state. The Board, which meets regularly, informs both licensees and the public about abusive debt collection practices and continues to actively work together for the good of all Marylanders as it collaborates, and addresses issues brought before the Board, for the fair regulation of the collection industry. Board members serving during FY 2019 were:

Antonio P. Salazar, *Chairman*
Eric Friedman, *Consumer Member*
Stephen Hannan, *Consumer Member*
Susan Hayes, *Industry Member*
Joanne Young, *Industry Member*

During FY 2019, the Board met on a quarterly basis to discuss emerging issues, licensing activities, supervision issues, enforcement activities, written complaints, and other matters pertinent to its mission and responsibilities. Office staff continued to handle the licensing, investigative, enforcement, consumer complaint processing, and outreach activity on behalf of the Board.

By the end of FY 2019, the Board had licensed 1,545 collection agencies and associated branch offices representing a decrease of four from the total number of licensed agencies and associated branch offices at the end of FY 2018.



To remain connected to nationwide trends, information sharing, and multi-state activities, the Board continues to actively participate in the North American Collection Agency Regulatory Association (“NACARA”). NACARA is a trade association made up of regulator members with the primary purpose of ensuring fair and equitable administration and enforcement of collection regulatory laws. In FY 2019, the Commissioner continued to have an employee appointee on NACARA’s Executive Committee. That employee was re-elected as Vice-President of the organization in October 2018. Additionally, in FY 2019, a staff member was re-appointed as Chair for the NACARA Annual Conference Planning Committee. These appointments, along with the continued participation in discussions surrounding multi-state coordination, ensure that the Board plays an active role within the state regulatory community and provides meaningful input into coordinated debt collection supervision nationwide.

Student Loan Ombudsman

On May 15, 2018, the Financial Consumer Protection Act of 2018 (2018 Md. Laws 732) (“2018 Consumer Protection Act”) was signed into law establishing a Student Loan Ombudsman (“Ombudsman”) to be designated by the Commissioner. The Ombudsman position was created to provide student loan borrowers with a state-level office that can assist them in resolving their complaints about student loan servicers (“servicers”). The Ombudsman was also required to monitor and disseminate information about student loan servicing activity in Maryland and to establish, in consultation with the Commissioner, a student loan borrower education course by October 1, 2019. Finally, the Ombudsman was empowered, through subsequent legislation, discussed below, to refer to the Office’s Enforcement Unit or to the Maryland Office of the Attorney General for civil enforcement or criminal prosecution any violations of student loan servicing standards or instances of abusive, unfair, deceptive, or fraudulent practices.

The Office began planning for the implementation of the 2018 Consumer Protection Act during the summer of 2018 and took its first formal steps to implement the Ombudsman provisions on October 1, 2018. To that end, Sean J. McEvoy, Assistant Commissioner of Policy and Consumer Services, was designated by the Commissioner of Financial Regulation to serve as Student Loan Ombudsman effective October 1, 2018. The appointment was publicly announced by means of a press release and disclosure on the Office’s website.

Maryland’s Ombudsman commenced work on October 1, 2018 supported by Office staff. After his appointment, the Ombudsman commenced the process of building the Office’s capabilities in order to be able to provide information to the public about student loan processes and to act as a liaison between Maryland student loan borrowers and student loan servicers to seek correction of mistakes and to facilitate solutions to student loan borrowers’ problems. Additionally, the Ombudsman commenced gathering information about the state of student loan servicing in Maryland in order to inform the public and legislature, to prepare the required borrower education course, and to produce an annual report that included the complaint data compiled by the Ombudsman as well as pertinent analysis and any recommendations to the General Assembly that the Ombudsman deemed appropriate.

Complete details of the establishment and implementation of the position are available in the Ombudsman’s inaugural Annual Report, which was submitted to the General Assembly on December 31, 2018.



Innovation Contact

In FY 2018, the Commissioner of Financial Regulation designated an “Innovation Contact” within the Office to support innovation efforts in the financial services sector and to facilitate communication between the Commissioner’s Office and entrepreneurs and financial technology (“fintech”) companies.

The Innovation Contact is tasked with assisting entrepreneurs, fintech officials, and new fintech companies in navigating the licensing process, reviewing business concepts, evaluating risk management and compliance management systems, and providing feedback on business plans. Additionally, the Innovation Contact is available to provide information about doing business in Maryland and to answer questions about Maryland’s financial laws, rules, and regulations as they might affect financial products in fields such as money transmission, virtual currencies, payments or lending.

This designated role is part of a multi-state coordination effort that is intended to foster innovation and the achievement of an efficient regulatory system that makes supervision easier for industry and regulators through the recognition of standards and activities across state lines. These efforts will better support start-ups, both locally and elsewhere, and enable companies to engage in national scale activities while protecting consumers and the financial system in each state. The Commissioner’s Office has participated in these efforts including:

- Supporting the establishment of a national Fintech Industry Advisory Panel of 33 companies to identify licensing obstacles and recommend solutions;
- Participating in the development and deployment of next-generation technology platforms to streamline licensing and supervision; and
- Coordinating with other state regulators to harmonize licensing and supervisory practices.

In FY 2019, Assistant Commissioner Jedd Bellman was the Office’s designated Innovation Contact. He regularly received, and responded to, inquiries regarding how Maryland’s financial regulatory scheme impacted current and prospective fintech companies operating or looking to operate within the State. In support of his role as Innovation Contact, during FY 2019 he participated as a member of the NMLS Policy Committee; the Committee is tasked with setting the policy surrounding the development and deployment of new regulatory and supervisory technology platforms. Additionally, Assistant Commissioner Bellman participated in outreach endeavors to ensure sufficient knowledge and to promote the Office’s commitment to the multi-state coordinated effort of innovation and regulatory modernization.

Fiscal Year Highlights

SUMMARY OF FISCAL YEAR 2019 HIGHLIGHTS INCLUDE:

STUDENT LOAN OMBUDSMAN:

The Commissioner appointed the Student Loan Ombudsman.

OUTREACH ACTIVITY:

The Office organized or participated in 37 events, conferences, and stakeholder meetings, an increase of 48% over the prior fiscal year reflecting efforts to enhance and expand its engagement with all stakeholders.

INNOVATION CONTACT:

The Innovation Contact responded to a number of inquiries from entrepreneurs and new fintech companies.

CONSUMER SERVICES:

Consumer recoveries by the Consumer Services Unit rose nearly five-fold to \$257,254. Over the last four fiscal years the Agency was responsible for recovering a total of \$405,438 for Maryland consumers.

LICENSING:

Maryland is open for business as the Office received and approved 3,590 new license applications.

LEGISLATION:

All five bills proposed by the Office in FY19 were passed by the General Assembly and signed by the Governor.

BANKS AND CREDIT UNIONS:

FY 2019 saw 32 state-chartered banks, 7 state-chartered credit unions, 4 state-chartered non-depository trust companies, 11 national and federal savings banks headquartered in Maryland. State-chartered banks reached \$41.4 billion in assets, state-chartered credit unions reached \$6.1 billion in assets, and state-chartered non-depository trust companies held \$428 billion in assets-under-management.

NON-DEPOSITORY SUPERVISION:

The Office supervises more than 13,300 licensed individuals and 5,400 licensed or registered business operations that provide credit and other non-depository financial services to Maryland consumers.

ENFORCEMENT:

The Commissioner ordered Future Income Payments to pay \$4.8 million in civil penalties and \$855,445 in restitution to Maryland consumers for engaging in unlicensed consumer lending and charging interest rates that far exceeded the interest rates authorized by Maryland law.

ENFORCEMENT:

The Office participated in several significant, national multi-settlements with Nationstar Mortgage and Ocwen Mortgage Company. The Office entered into an Agreement and Consent Order with Equifax, Inc. and its related companies addressing the companies' compliance with Maryland laws on consumer credit reporting and data collection practices.

Accreditation

HIGH-QUALITY STANDARDS AND PERFORMANCE

Since July 13, 1992, the Office has been accredited by the Conference of State Bank Supervisors (“CSBS”) in its regulation of state-chartered banks. The Office’s accreditation was most recently recertified on July 10, 2017. The banking departments of 45 states, including Maryland, and that of Puerto Rico have received accreditation by CSBS. CSBS is a national organization that represents the interests of state banking departments nationwide. State bank regulatory agencies must undergo a re-accreditation examination and audit every five years and submit annual assessment updates to retain certification. The CSBS Accreditation Program is designed to encourage the standardization of regulation and supervision of state-chartered banks, identify weaknesses, and capitalize on the strengths of state banking agencies. The process assists the Office in effectively carrying out its responsibilities in supervising Maryland-chartered financial institutions, of ensuring that institutions operate in a safe and sound manner, legal and regulatory compliance, and providing responsive services.

The Office also received Mortgage Supervision accreditation from the CSBS and the American Association of Residential Mortgage Regulators (“AARMR”) through their joint Accreditation Program, on August 31, 2016. The Office is one of only 25 agencies in the United States to receive this distinction. This Accreditation Program serves the same basic purposes as the banking accreditation, but it applies to the supervision of non-depository mortgage brokers, lenders, and servicers, and it requires, among other things, that the Office’s policies and procedures in licensing, examination, enforcement, and consumer complaint response meet high standards and follow various “best practices.” While the Office has not yet come due for re-accreditation, it continues to submit annual assessment updates to retain accreditation.





LEGISLATIVE SUMMARY

CHANGING LEGAL ENVIRONMENT

During the 2019 legislative session, the Office proposed five bills and provided technical support on other legislation focused on improving the Office's efficiency, clarifying Maryland laws under its jurisdiction, enhancing consumer protections, and promoting a safe and healthy financial services industry. The following laws relating to financial services were passed during the 2019 session of the Maryland legislature.

HB 59: Financial Institutions - Commissioner of Financial Regulation - Debt Settlement Services

Effective date: July 1, 2019

This law, proposed by the Office, requires debt settlement services licensees to register with the NMLS. Licenses are valid for one-year terms, and licensees must also obtain, and maintain, a valid unique identifier and transfer existing licensing information to the NMLS on or after the effective date. The law also changes the debt settlement fee structure from \$1,000 every two years to an annual \$400 fee, plus payment of a \$100 NMLS fee.

HB 60: Department of Labor, Licensing, and Regulation - Renaming

Effective date: July 1, 2019

This law renames the Department of Labor, Licensing, and Regulation (“DLLR”) as the Maryland Department of Labor and renames the Secretary of Labor, Licensing, and Regulation as the Secretary of Labor.

HB 61: Financial Institutions - Commissioner of Financial Regulation - Mortgage Lenders, Loan Servicers, and Loan Originators

Effective date: October 1, 2019

This law, proposed by the Office, (1) establishes a sliding scale tangible net worth requirement for mortgage loan servicers; (2) clarifies and expands methods that may be used to meet minimum net worth requirements for mortgage lenders, mortgage brokers, and mortgage loan servicers; (3) repeals a requirement that a mortgage lender license be canceled if a licensee fails to timely notify the Office of a change in place of business; (4) reduces the frequency of examinations for mortgage lender licensees while it also extends recordkeeping requirements; and (5) extends the license duration period for mortgage loan originator licensees whose registration date occurs late in a calendar year.

HB 107: Real Property - Residential Property Foreclosure Procedures

Effective date: October 1, 2019

This law, proposed by the Office, re-codifies from the miscellaneous rules section of the Real Property Article to Section 105 of the Real Property Article (pertaining to mortgage foreclosure procedures), provisions related to (1) notice and disclosure requirements for foreclosure sales; (2) the Foreclosed Property Registry; (3) procedures related to notice of filings of actions to foreclose; and (4) requirements for filing with a unit of government a notice or registration of residential property that is subject to foreclosure. The law also makes conforming changes to the relevant foreclosure law and clarifies the Office’s role in administering certain provisions of these laws.

HB 222: Real Property - Residential Real Estate Transactions - Escrow Agents

Effective date: October 1, 2019

This law requires an escrow agent to enter into a written agreement with the purchaser and the seller of certain residential real property when the escrow agent agrees to hold trust money in escrow for the residential real estate transaction. The written agreement must contain (1) the amount of the trust money entrusted to the agent; (2) the date the trust money was entrusted to the agent; (3) the responsibility of the agent to notify the purchaser and seller of trust money returned due to dishonored funds; (4) the conditions under which the escrow agent may release the trust money; and (5) the process to address disputes over the release of the trust money.

LEGISLATIVE SUMMARY

HB 425: Civil Actions – Unfair, Abusive, or Deceptive Trade Practices by Mortgage Servicer – Statute of Limitations

Effective date: October 1, 2019

This law extends the applicable statute of limitations for filing a civil action by a homeowner for specified claims of unfair, abusive, or deceptive trade practices by a mortgage servicer related to residential property. The law specifies that such an action must be filed within the earlier of either five years after a foreclosure sale of the residential property or, if the mortgage servicer discloses its unfair, abusive, or deceptive trade practice to the homeowner, three years after the disclosure. The law applies prospectively, and may not be applied to any cause of action arising before the effective date.

HB 594 / SB 670: Financial Institutions – Student Loan Servicers – Unfair, Abusive, or Deceptive Trade Practices

Effective date: October 1, 2019

This law defines the term “student education loan” and prohibits a student loan servicer from employing any scheme, device, or artifice to mislead a student loan borrower; prohibits a student loan servicer from engaging in any unfair, abusive, or deceptive trade practice; prohibits a student loan servicer from knowingly misapplying or refusing to correct a misapplication of payments; requires a student loan servicer to respond to an inquiry within 30 days of receiving the inquiry or complaint. The Office is authorized to enforce the law and the law contains permission for the Office to use funds from the Non-Depository Special Fund for related enforcement activities. Violation of any of the law’s standards is deemed an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (“MCPA”) subject to MCPA’s civil and criminal penalty provisions.

HB 777 / SB 694: Commercial Law – Credit Card Processors – Merchant Processing Agreements

Effective date: October 1, 2019

This law prohibits a credit card processor from assessing or charging a fee, fine, or penalty of more than \$500 if a business entity cancels a “merchant processing agreement” before the expiration of the initial term. Additionally, a credit card processor may not assess a fee, fine, or penalty if a business entity terminates the merchant processing agreement after the expiration of the initial term (unless the parties enter into a separate renewal agreement). The law requires a merchant processing agreement to disclose specified information. The law authorizes the Commissioner to investigate complaints from merchants and to use any of the investigative and enforcement powers granted under Title 2, Subtitle 1 of the Financial Institutions Article. The law applies only prospectively and has no effect on merchant processing agreements entered into or renewed before the effective date.



SB 67: Financial Institutions – Disclosure of Information from Investigations

Effective date: October 1, 2019

This law, proposed by the Office, authorizes the denial of certain records of an investigation by the Office subject to the provisions of the Maryland Public Information Act (“PIA”) and authorizes the publication of information concerning a violation of a law, a regulation, a rule, or an order over which the Commissioner has jurisdiction.

SB 68: Commercial Law – Credit Services – Business Information Statements

Effective date: October 1, 2019

This law, proposed by the Office, exempts a credit services business from providing to a consumer statements containing specified information as otherwise required by the Maryland Credit Services Businesses Act (“MCSBA”) but only when the business is engaged to obtain an extension of credit for a consumer (or provides advice or assistance to a consumer with regard to obtaining an extension of credit). However, such businesses are required to provide information to a consumer regarding the consumer’s right to file a complaint and to proceed against the business’s bond.

SB 136: Corporations – Corporate Records and Electronic Transmission

Effective date: October 1, 2019

This law authorizes the records of a corporation to be maintained by means of any information storage device, method, or electronic network or database, including a distributed electronic network or database, if (1) the records can be converted within a reasonable time into clearly legible written form for visual inspection and (2) the records maintained on an electronic ledger or distributed electronic ledger can be used for specified purposes. Such records must be converted into a clearly legible written form on request of any person who is entitled to inspect the records. The converted written records are admissible as evidence and must be accepted for all other purposes to the same extent as original written records. The law also makes a series of changes regarding the acceptance and use of electronic transmissions.

SB 137: Corporations – Maryland General Corporation Law – Miscellaneous Provisions

Effective date: October 1, 2019

This law clarifies voting procedures in certain cumulative voting elections; clarifies the term of a certain director of a corporation elected to fill a vacancy; alters the authority of certain holders of stock to take or consent to certain action; alters the circumstances in which certain holders of stock may take certain action or consent to a certain action by delivering a consent in writing or by electronic transmission; and clarifies the time by which a parent corporation is required to provide a certain notice in a certain merger.

LEGISLATIVE SUMMARY

SB 695 / HB 1065: Maryland Commercial Receivership Act

Effective date: October 1, 2019

This law establishes a framework enabling a court to oversee the management and disposition of commercial property subject to receivership; provides standards and guidelines for the appointment, authority, and termination of a receiver over receivership property; establishes duties that may be required of a receiver; establishes a procedure for the transfer of receivership property; and repeals certain provisions of law regarding an assignee for the benefit of creditors.

SB 512 / HB 1318: Government Shutdowns - Employees - Protections

Effective date: Upon Enactment

This law provides specific protections for employees of the federal or State government or a local government in the State, who are involuntarily furloughed from work without pay because of a government shutdown by prohibiting certain utility cut-offs, evictions and/or foreclosures for nonpayment on a day that a government shutdown is in effect, and, for seven days after the government shutdown has ended. The law also authorizes the Public Service Commission to adopt certain regulations. Further, this law requires a court to stay certain foreclosure or repossession proceedings for certain residential property, for a certain period of time, under certain circumstances regarding government shutdowns.



DEPOSITORY SUPERVISION

Healthy State-Chartered Financial Institutions

The Office supervises a total of 44 institutions, of which 32 are banks, 7 are credit unions, and 4 are non-depository trust companies chartered by the Office, as well as American Share Insurance Corporation (“ASI”) of Dublin, Ohio, a private provider of deposit insurance to credit unions.

DEPOSITORY SUPERVISION

BANKS

In FY 2019, merger and acquisition activity continued throughout the year. As a result of that activity, the number of supervised banks declined from 35 to 32 banks as of the end of FY 2019. Despite the reduction in the number of banks, total assets under supervision grew during the fiscal year approximately 5% from \$39.4 billion to \$41.4 billion as a result of growth in investments, strong loan demand, and organic growth in Maryland's banks. Banks' capital position improved and experienced an increase of approximately 10.73% from \$4.9 billion to \$5.4 billion over the same period due to strong earnings performance fueling equity formation. The combined capital leverage ratio of all 32 state chartered banks of 11.33% has consistently improved over the last three fiscal years from 10.74% in FY 2018 and 10.59% in FY 2017. Asset quality continued to improve with non-performing assets at 0.81% in FY 2019, other real estate owned decreasing by 12%, and net charge-offs to loans remaining stable at 0.08%. Earnings performance continued on a favorable trend with overall return on assets ("ROA") increasing from 1.03% in FY 2017, to 1.21% in FY 2018, to 1.28% in FY 2019. The net interest margin has remained relatively stable from 3.76% in FY 2016 to 3.81% in FY 2019. From a funding perspective, the Office found that in the last year Maryland banks in general had lower levels of on-balance sheet liquidity, higher loans to deposit ratios, and were increasing their reliance on less stable funding sources.

Safety and soundness examinations are full scope, and include assessing banks' capital, asset quality, management, earnings, liquidity, sensitivity to market risk, and risk management practices with a heavy focus on commercial real estate and liquidity concentration. Also, information technology, cybersecurity, and the Bank Secrecy Act/Anti-Money Laundering reviews and assessments continue to be included in examinations.

During FY 2019, the Office did not issue any formal enforcement actions to address weaknesses and regulatory concerns. It did, however, continue to enhance regulatory supervision and oversight with those institutions whose performance or operations were lagging including: holding regular teleconference calls with the institutions' management; increased visitations and targeted examinations conducted between scheduled examinations; in-person meetings with management and their Boards of Directors; and off-site review and surveillance of their activities and filings.

Bank consolidation is expected to continue in FY 2020 and, as a result, Maryland will likely, for the first time, have a state-chartered bank with over \$10 billion in total assets. As described below, the Office also anticipates the opening of a de novo bank in Maryland, the first in over 12 years. The Federal Reserve Board increased the federal funds target rate four times in 2018 and by the end of FY 2019 it stood at a range of 2.25% - 2.5% with the prospects for rate cuts in FY 2019 increasing. Notwithstanding the increasing interest rates and the uncertain future path of rates, competition in the Maryland market and tightened liquidity are expected to keep bankers working hard managing their institutions. Hot topics for the bankers continue to include elder financial abuse, medicinal marijuana, and succession planning for both management and boards of directors, as well as shareholder succession. Liquidity, interest rate risk management, the proposed Current Expected Credit Loss Standard ("CECL"), the transition away from LIBOR, and the Bank Secrecy Act will also continue to receive attention.

DEPOSITORY SUPERVISION

Maryland banks continue to play a significant role in the economy. Even with the amount of mergers and acquisitions in the industry, community banks are a necessity in serving the community, consumers, and small businesses. The Office is committed to assisting banks in managing these areas. The Commissioner and Deputy Commissioner remain in active dialogue with bank management teams throughout the state and regularly seek and participate in outreach events.



CREDIT UNIONS

The Office supervises seven Maryland state-chartered credit unions, as well as ASI, a private provider of credit union deposit insurance. Of the seven credit unions, six are federally insured through the National Credit Union Share Insurance Fund, and the other credit union is privately insured by ASI. Each credit union receives a full scope on-site examination, supplemented by a quarterly off-site monitoring program. Targeted visitations are also performed when deemed necessary.

Overall, in FY 2019, credit unions' total assets increased to \$6.01 billion from \$5.89 billion in FY 2018, total loans increased to \$4.66 billion from \$4.49 billion, shares and deposits increased to \$5.33 billion from \$5.15 billion, and total capital increased to \$649 million from \$624 million. The credit unions' net worth stayed stable through FY 2019 representing 10.91% of total assets and they had a combined ROA of 0.42% reflecting a decline from FY 2018's 0.65%. Maryland's credit unions have also benefited from a strong economy and continue to serve their members while operating profitably.

NON-DEPOSITORY TRUST COMPANIES

Maryland's four state-chartered non-depository trust companies continue to benefit from the strong economy. Their managed and non-managed assets continued to grow in FY 2019 with total assets-under-management increasing nearly 11% from \$386 billion in FY 2018 to \$428 billion in FY 2019. That growth trend is expected to continue in FY 2020. Safety and soundness examinations of these institutions are full scope focusing on asset management, earnings, capital, management, operations, internal controls and audit, the Bank Secrecy Act, compliance, information technology and cybersecurity, as well as hard-to-value assets. Management of Maryland's trust companies continue to monitor market volatility and economic conditions in the United States and in global markets and manage their institutions and client funds accordingly.

DEPOSITORY SUPERVISION

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION STATE-CHARTERED BANKS

Fiscal Year Ending June 30, 2019 & 2018

(in thousands)

ASSETS	FY 2019	FY 2018	% Change
Cash & Balances Due from Depository Institutions:			
Non-Interest Bearing & Currency/Coin	\$ 1,628,937	\$ 444,117	266.78%
Interest Bearing Balances	\$ 1,178,724	\$ 1,294,956	-8.98%
Securities	\$ 4,027,665	\$ 3,922,176	2.69%
Federal Funds Sold and Securities Purchased Under Agreements to Sell	\$ 49,296	\$ 72,644	-32.14%
Loans and Leases, Net of Unearned Income	\$32,918,168	\$ 31,067,419	5.96%
(Allowance for Loan and Lease Losses)	\$ (298,378)	\$ (270,952)	10.12%
Trading Account Assets	\$ 27,233	\$ 9,679	181.36%
Premises and Fixed Assets (including capitalized leases)	\$ 579,932	\$ 380,793	52.30%
Other Real Estate Owned	\$ 57,892	\$ 66,141	-12.47%
Intangible Assets	\$ 917,946	\$ 938,106	-2.15%
Other Assets	\$ 1,191,061	\$ 1,213,153	-1.82%
Total Assets	\$ 41,398,131	\$ 39,409,185	5.05%
LIABILITIES			
Total Deposits	\$ 33,083,982	\$ 30,921,037	7.00%
Federal Funds Purchased & Repurchase Agreements	\$ 320,046	\$ 408,163	-21.59%
Trading Liabilities	\$ 27,245	\$ 9,679	181.49%
Subordinated Debt	\$ 30,767	\$ 30,664	0.34%
Other Borrowed Funds	\$ 2,202,697	\$ 2,896,398	-23.95%
Other Liabilities	\$ 295,755	\$ 232,616	27.14%
Total Liabilities	\$ 35,960,492	\$ 34,498,557	4.24%
EQUITY CAPITAL			
Perpetual Preferred Stock	\$ -	\$ 1,785	-100.00%
Common Stock	\$ 231,117	\$ 231,749	-0.27%
Surplus	\$ 2,984,276	\$ 2,922,160	2.13%
Undivided Profits and Capital Reserves	\$ 2,222,245	\$ 1,754,934	26.63%
Total Equity Capital	\$ 5,437,638	\$ 4,910,628	10.73%
Total Liabilities and Equity	\$ 41,398,130	\$ 39,409,185	5.05%

RATIOS FROM CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION OF ALL STATE-CHARTERED BANKS

Fiscal Years Ending June 30th, 2019, 2018 and 2017

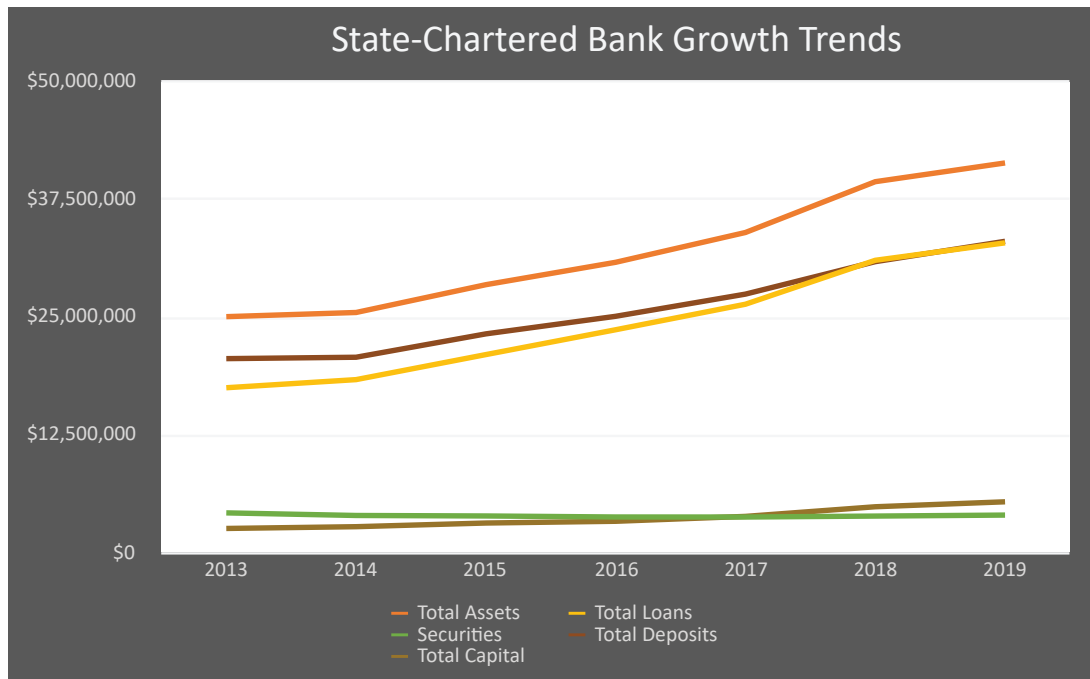
Year Ended June 30th	FY 2019	FY 2018	FY 2017
Return on Assets	1.28%	1.21%	1.03%
Net Interest Margin	3.81%	3.94%	3.77%
Total Loans to Total Deposits	99.50%	100.47%	96.10%
Total Loans to Core Deposits	117.20%	116.43%	111.85%
Total Loans to Total Assets	79.52%	78.83%	77.62%
ALLL to Total Loans	0.90%	0.87%	0.99%
Noncurrent Loans to Total Loans	0.84%	0.76%	0.78%
Tier 1 Leverage Capital	11.33%	10.74%	10.59%
Tier 1 Risk-Based Capital	13.02%	12.40%	12.40%
Total Risk-Based Capital	13.95%	13.30%	13.41%
Common Equity Tier 1 Capital	13.02%	12.40%	12.26%

DEPOSITORY SUPERVISION

PRIOR PERIOD END TOTALS

Fiscal Years Ending June 30th
(in thousands)

Year	Total Assets	Total Loans	Securities	Total Deposits	Total Capital
2019	\$41,398,131	\$32,918,168	\$4,027,665	\$33,083,982	\$5,437,638
2018	\$39,409,185	\$31,067,419	\$3,922,176	\$30,921,037	\$4,910,628
2017	\$34,018,542	\$26,405,546	\$3,820,310	\$27,478,399	\$3,889,011
2016	\$30,855,474	\$23,696,672	\$3,825,527	\$25,124,361	\$3,369,988
2015	\$28,478,385	\$21,060,087	\$3,933,505	\$23,258,555	\$3,184,490
2014	\$25,528,399	\$18,403,723	\$3,985,378	\$20,778,710	\$2,795,578
2013	\$25,085,295	\$17,541,355	\$4,261,162	\$20,630,717	\$2,607,918



TRUST ASSETS REPORTED BY STATE-CHARTERED TRUST COMPANIES

Fiscal Years Ending June 30th

(in thousands)

Full Service Trust Companies	Managed	Non-Managed	Custodial	Total
First United Bank & Trust	\$813,784	\$70,278	\$2,995	\$887,057
Sandy Spring Bank	\$1,374,007	\$138,518	\$29,469	\$1,541,994
Total Assets - Full Service Trust Companies	\$2,187,791	\$208,796	\$32,464	\$25,124,361
Non-Depository Trust Companies	Managed	Non-Managed	Custodial	Total
Brown Investment Advisory & Trust Co.	\$5,856,285	\$794,121	\$0	\$6,650,406
Chevy Chase Trust Company	\$7,155,842	\$25,784,793	\$2,855,703	\$35,796,338
NewTower Trust Company	\$10,289,872	\$0	\$0	\$10,289,872
T. Rowe Price Trust Company	\$159,594,766	\$215,964,587	\$0	\$375,559,353
Total Assets - Non-Depository Trust Companies	\$182,896,765	\$ 242,543,501	\$2,855,703	\$428,295,969
Grand Total - Full Service & Non-Depository Trust Companies	\$185,084,556	\$242,752,297	\$2,888,167	\$430,725,020

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION - STATE-CHARTERED CREDIT UNIONS

Comparative Figures for Fiscal Years Ending June 30th

(in thousands)

ASSETS	FY 2019	FY 2018	% Change
Cash & Balances Due From Depository Inst.	\$ 467,570	\$ 424,573	10.13%
Investments & Securities	\$ 733,687	\$ 744,401	-1.44%
Total Loans	\$ 4,655,584	\$ 4,491,816	3.65%
Allowance for Loan and Lease Losses	\$ (39,407)	\$ (35,694)	10.40%
Premises and Fixed Assets	\$ 70,624	\$ 72,061	-1.99%
Other Assets	\$ 148,894	\$ 200,760	-25.83%
Total Assets	\$ 6,089,507	\$ 5,897,917	3.25%
LIABILITIES			
Members' Shares and Deposits	\$ 5,327,541	\$ 5,148,133	3.48%
Borrowed Money	\$ 44,000	\$ 70,614	-37.69%
Other Liabilities	\$ 68,957	\$ 54,960	25.47%
Total Liabilities	\$ 5,440,498	\$ 5,273,707	3.16%
Total Net Worth	\$ 649,009	\$ 624,210	3.97%
Total Liabilities and Equity	\$ 6,089,507	\$ 5,897,917	3.25%

DEPOSITORY SUPERVISION

RATIOS FROM CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION – ALL STATE-CHARTERED CREDIT UNIONS

Fiscal Years Ending June 30th, 2019, 2018 and 2017

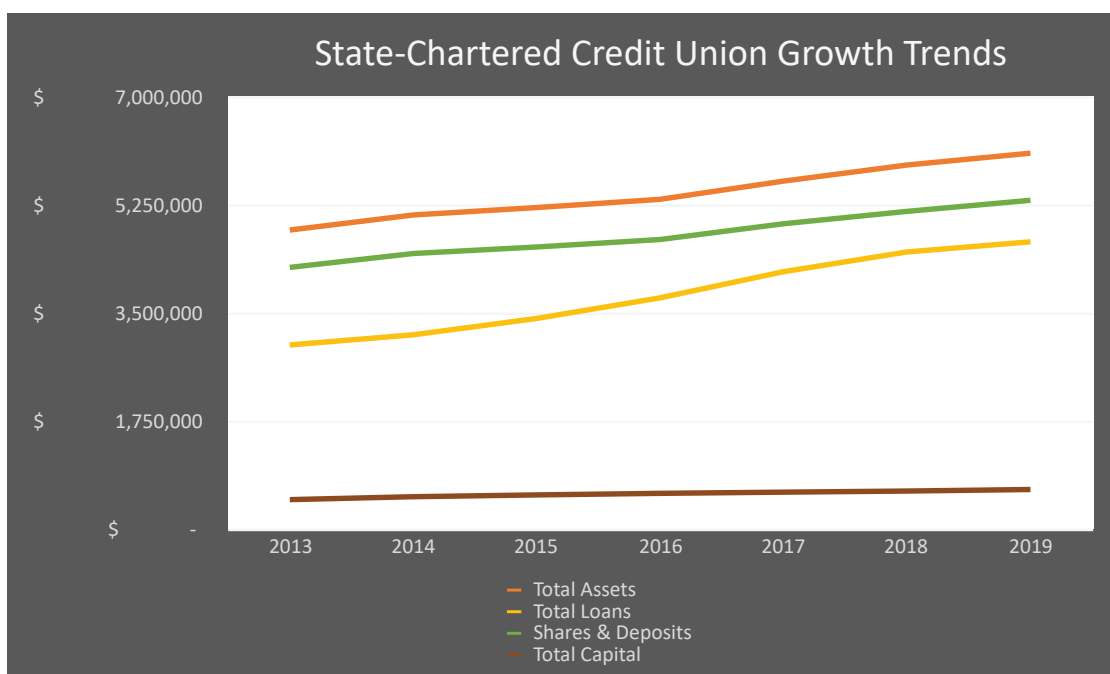
Additional Information as of June 30th	2019	2018	2017
Net Worth to Total Assets	10.91%	10.58%	10.75%
Net Worth to Members' Shares & Deposits	12.47%	12.12%	12.25%
Total Loans to Total Assets	76.45%	76.16%	74.01%
Total Loans to Members' Shares & Deposits	87.39%	87.25%	84.33%
ALLL* to Total Loans	0.85%	0.79%	0.79%
Return on Assets (annualized)	0.42%	0.65%	0.58%

* = Allowance for Loan and Lease Losses

PRIOR PERIOD END TOTALS

Fiscal Years Ending June 30th
(in thousands)

Year	Total Assets	Total Loans	Shares & Deposits	Total Capital
2019	\$ 6,089,506	\$ 4,655,584	\$ 5,327,541	\$ 649,009
2018	\$ 5,897,917	\$ 4,491,816	\$ 5,148,133	\$ 624,210
2017	\$ 5,637,718	\$ 4,172,460	\$ 4,947,779	\$ 606,295
2016	\$ 5,343,323	\$ 3,749,515	\$ 4,692,960	\$ 586,882
2015	\$ 5,209,730	\$ 3,416,507	\$ 4,572,049	\$ 561,533
2014	\$ 5,089,764	\$ 3,151,477	\$ 4,466,368	\$ 532,551
2013	\$ 4,845,974	\$ 2,987,325	\$ 4,241,898	\$ 485,439





**SELECTED BALANCE SHEET ITEMS -
STATE-CHARTERED CREDIT UNIONS**

Fiscal Years Ending June 30th
(in thousands)

Credit Union Name	Total Assets	Total Loans	Shares & Deposits	Total Capital
ASI Private Share Insurance				
Post Office Credit Union of MD, Inc.	\$ 31,453	\$ 6,219	\$ 22,667	\$ 8,697
National Credit Union Share Insurance				
Central Credit Union of MD, Inc.	\$ 40,076	\$ 15,518	\$ 35,408	\$ 4,503
Destinations Credit Union	\$ 60,237	\$ 31,292	\$ 51,266	\$ 8,503
HAR-CO Credit Union	\$ 192,349	\$ 128,376	\$ 172,554	\$ 18,890
Municipal Employees Credit Union of Baltimore, Inc.	\$ 1,199,387	\$ 751,940	\$ 1,026,833	\$ 130,736
Point Breeze Credit Union	\$ 784,200	\$ 452,643	\$ 666,397	\$ 114,252
State Employees Credit Union of MD, Inc.	\$ 3,781,804	\$ 3,269,596	\$ 3,352,416	\$ 363,428
Total All State Chartered Credit Unions	\$ 6,089,506	\$ 4,655,584	\$ 5,327,541	\$ 649,009



DEPOSITORY CORPORATE ACTIVITIES

ONGOING INTEREST IN THE MARYLAND BANK CHARTER

The Office began the fiscal year with regulatory responsibility for 35 banks with combined assets of \$39.4 billion. As of June 30, 2019, following several mergers, the total number of Maryland-chartered banks decreased to 32, though combined assets increased to \$41.4 billion. The Office also has regulatory responsibility for four Maryland-chartered non-depository trust companies with over \$430.7 billion in trust assets and seven state-chartered credit unions, with combined assets of \$6.1 billion.

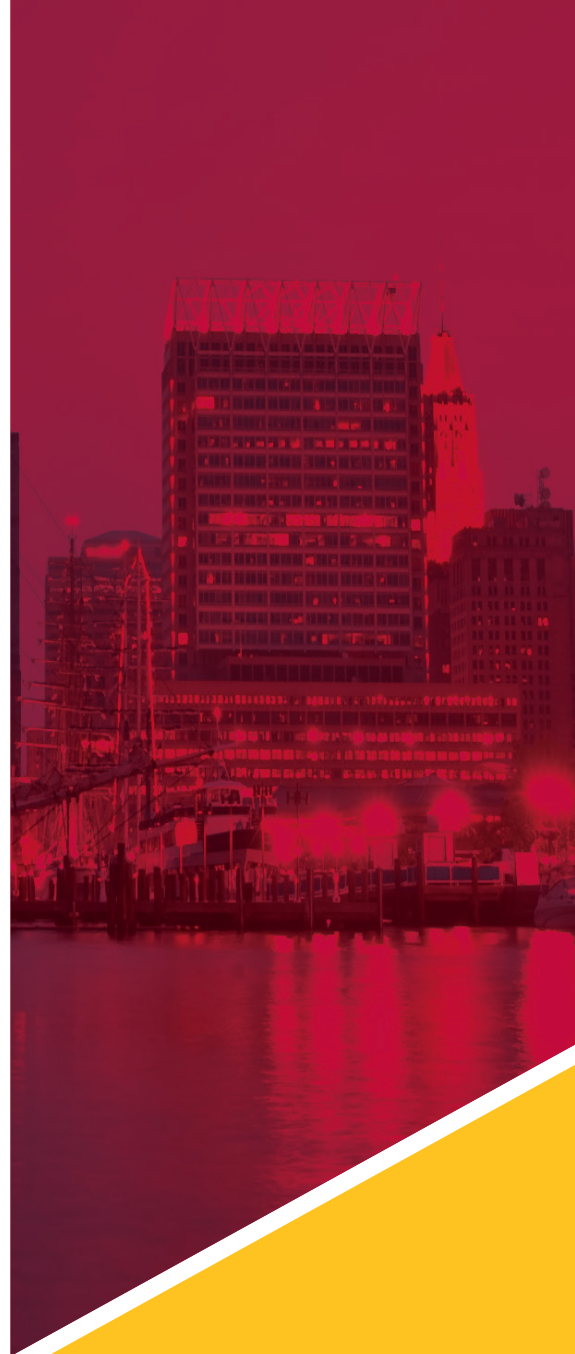
Applications were received throughout the fiscal year from Maryland-chartered institutions seeking approval to implement various corporate changes to their organizations or to expand their business activities, including three bank mergers; two bank affiliates; two parity (aka, wild card) proposals; six new branches; ten representative office permits; and a wide range of other corporate restructuring and/or proposed activities from Maryland chartered banks, credit unions, and trust companies as well as from out-of-state financial institutions interested in conducting business in Maryland.

DEPOSITORY CORPORATE ACTIVITIES

There was a slight increase in the overall volume of corporate applications received this fiscal year over last year. The Office continues to see a small, but steady number of bank merger applications and expects to see some additional consolidation in the industry in the next few years. One bank, Maryland Financial Bank, headquartered in Towson, Maryland self-liquidated at the end of FY 2019. Three state-chartered banks were acquired and merged during the fiscal year; Colombo Bank into FVC Bank, headquartered in Fairfax, Virginia, Kopernik Bank into BayVanguard Bank, headquartered in Baltimore, Maryland, and Hamilton Bank into Orrstown Bank headquartered in Shippensburg, Pennsylvania. The Office has received three additional merger applications that are expected to be completed during the 2020 fiscal year.

Through its commitment to customer service and fair and efficient supervision, the Office is proud to see ongoing interest in the Maryland bank charter:

- BayVanguard Bank converted to a Maryland state-chartered bank during the fiscal year and the newly chartered bank acquired Kopernik Bank in February of 2019. The acquisition expanded its branch offices to seven and total assets to \$300 million from \$167 million. BayVanguard Bank was originally established in 1873 and is headquartered in Baltimore. The Office looks forward to working with this long-established community bank as they continue to provide essential financial services and other beneficial support to their local community.
- During the fiscal year, the Office saw an increase in inquiries from investor groups about Maryland's de novo process. The Office worked diligently with these potential organizers during the year as part of the Office's commitment to ensure the availability of vibrant and healthy state-chartered financial institutions to meet the expanding needs of Maryland consumers and businesses. This resulted in the Office receiving a preliminary "de novo" bank application to establish a new financial institution in Maryland. The proposed bank, to be named NXG Bank, proposes to establish its headquarters in Columbia, Maryland. Notice of the application was published in the Maryland Register on June 21, 2019.



DEPOSITORY CORPORATE ACTIVITIES

STATE-CHARTERED COMMERCIAL BANKS AND SAVINGS BANKS

Principal Location, Assets, and CRA Ratings

Fiscal Year Ending June 30th, 2019

Bank Name	Principal Location	Total Assets (in thousands)	No. of Branches	CRA Rating
Bank of Glen Burnie	Glen Burnie	\$ 377,592	8	Satisfactory
Bank of Ocean City	Ocean City	\$ 342,035	6	Satisfactory
BayVanguard Bank	Baltimore	\$ 299,535	7	Satisfactory
Calvin B. Taylor Banking Company	Berlin	\$ 521,787	11	Satisfactory
Carroll Community Bank	Sykesville	\$ 190,035	3	Outstanding
Cecil Bank	Elkton	\$ 194,023	7	Satisfactory
CFG Community Bank	Baltimore	\$ 1,024,888	3	Satisfactory
Chesapeake Bank and Trust Co	Chestertown	\$ 103,742	3	Satisfactory
The Columbia Bank	Columbia	\$ 2,643,875	31	Satisfactory
Community Bank of the Chesapeake	Waldorf	\$ 1,754,115	13	Satisfactory
Congressional Bank	Potomac	\$ 1,076,167	5	Satisfactory
EagleBank	Bethesda	\$ 8,665,915	20	Satisfactory
1880 Bank	Cambridge	\$ 369,646	6	Satisfactory
Farmers and Merchants Bank	Upperco	\$ 436,697	7	Satisfactory
Farmers Bank of Willards	Willards	\$ 395,069	8	Satisfactory
First United Bank and Trust	Oakland	\$ 1,386,191	24	Satisfactory
Frederick County Bank	Frederick	\$ 454,828	5	Satisfactory
Glen Burnie Mutual Savings Bank	Glen Burnie	\$ 99,443	1	Satisfactory
Harbor Bank of Maryland	Baltimore	\$ 295,337	7	Satisfactory
Harford Bank	Aberdeen	\$ 367,926	8	Satisfactory
Hebron Savings Bank	Hebron	\$ 602,414	13	Satisfactory
Howard Bank	Ellicott City	\$ 2,295,197	16	Satisfactory
Middletown Valley Bank	Middletown	\$ 473,135	7	Satisfactory
North Arundel Savings Bank	Pasadena	\$ 43,510	1	Satisfactory
Old Line Bank	Bowie	\$ 3,074,377	39	Satisfactory
The Peoples Bank	Chestertown	\$ 242,409	7	Outstanding
Provident State Bank, Inc.	Preston	\$ 444,369	10	Satisfactory
Queenstown Bank of Maryland	Queenstown	\$ 469,509	8	Satisfactory
Revere Bank	Laurel	\$ 2,626,721	11	Satisfactory
Sandy Spring Bank	Olney	\$ 8,385,118	55	Satisfactory
Shore United Bank	Easton	\$ 1,484,005	21	Satisfactory
Woodsboro Bank	Woodsboro	\$ 258,521	7	Satisfactory
Total: 32		\$ 41,398,131	378	

DEPOSITORY CORPORATE ACTIVITIES

STATE-CHARTERED CREDIT UNIONS

Assets and Field of Membership Type

Fiscal Years Ending June 30th

Credit Union Name	Principal Location	Total Assets (in thousands)	No. of Branches	Field of Membership
Central Credit Union of Maryland	Towson	\$ 40,076	2	Multiple Common Bond
Destinations Credit Union	Parkville	\$ 60,237	2	Multiple Common Bond
HAR-CO Credit Union	Bel Air	\$ 192,349	3	Multiple Common Bond
Municipal Employees Credit Union of Baltimore (MECU)	Baltimore	\$ 1,199,387	11	Multiple Common Bond
Point Breeze Credit Union	Hunt Valley	\$ 784,200	5	Multiple Common Bond
Post Office Credit Union of MD, Inc.	Baltimore	\$ 31,453	1	Single Common Bond
State Employees Credit Union of Maryland, Inc. (SECU)	Linthicum	\$ 3,781,804	23	Multiple Common Bond
Total: 7		\$ 6,089,506	47	

STATE-CHARTERED NON-DEPOSITORY TRUST COMPANIES

Location and Business Type

Fiscal Years Ending June 30th

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
New Tower Trust Company	Bethesda	Trustee for Multi-Employer Property Trust
T. Rowe Price Trust Company	Baltimore	Investment Management
Total: 4		

DEPOSITORY CORPORATE ACTIVITIES



NATIONAL BANKS AND FEDERAL SAVINGS BANKS HEADQUARTERED IN MARYLAND

Principal Location and Total Assets

Fiscal Year Ending June 30th, 2019

Bank	Principal Location	Type of Charter	Total Assets (in thousands)
Arundel Federal Savings Bank	Glen Burnie, MD	FSB	\$437,503
Capital Bank, N.A.	Rockville, MD	NB	\$1,197,799
Chesapeake Bank of Maryland	Parkville, MD	FSB	\$220,625
Eastern Savings Bank, FSB	Hunt Valley, MD	FSB	\$324,021
First Shore Federal Savings & Loan Assoc.	Salisbury, MD	FSB	\$308,752
Homewood Federal Savings Bank	Baltimore, MD	FSB	\$60,821
Jarrettsville Federal Savings & Loan Assoc.	Jarrettsville, MD	FSB	\$126,824
Madison Bank of Maryland	Forest Hill, MD	FSB	\$146,753
Presidential Bank, FSB	Bethesda, MD	FSB	\$565,290
Rosedale Federal Savings & Loan Assoc.	Nottingham, MD	FSB	\$963,257
Severn Savings Bank, FSB	Annapolis, MD	FSB	\$858,410
Total: 11			\$5,210,055

DEPOSITORY CORPORATE ACTIVITIES

BANKS, CREDIT UNIONS, AND TRUST COMPANIES

Activity on Select Applications

Fiscal Year Ending June 30th, 2019

MERGERS and ACQUISITIONS Surviving Institution Main Location	Merged/Acquired Institution Main Location	Approval
FVC Bancorp Inc. Fairfax, VA	Colombo Bank Rockville, MD	08/24/2018
FVC Bank Fairfax, VA	Colombo Bank Rockville, MD	08/24/2018
BayVanguard MHC Baltimore, MD	Kopernik Bank Baltimore, MD	01/29/2019
BV Financial, Inc. Baltimore, MD	Kopernik Bank Baltimore, MD	01/29/2019
BayVanguard Bank, Baltimore, MD	Kopernik Bank, Baltimore, MD	01/29/2019
Orrstown Financial Services, Inc. Shippensburg, PA	Hamilton Bancorp, Inc. Baltimore, MD	04/26/2019
Orrstown Bank Shippensburg, PA	Hamilton Bank Baltimore, MD	04/26/2019
ACNB Corporation Gettysburg, PA	Frederick County Bancorp Inc. Frederick, MD	Pending
ACNB Bank Gettysburg, PA	Frederick County Bank Frederick, MD	Pending
Sandy Spring Bank Olney, MD	Revere Bank Laurel, MD	Pending
Wesbanco, Inc. Wheeling, WV	Old Line Bancshares, Inc. Bowie, MD	Pending
Wesbanco, Inc. Wheeling, WV	Old Line Bank Bowie, MD	Pending
SELF-LIQUIDATED	Institution	Closed
	Maryland Financial Bank Towson, MD	06/30/2019
AFFILIATES Institution Name Main Location	Affiliate	Approval
Howard Bancorp Baltimore, MD	Twain HTC Fund XIX, LLC Baltimore, MD	03/01/2019
The Peoples Bank Chestertown, MD	Bartlett, Griffin & Vermilye Easton, MD	12/11/2018
Fleetwood, Athey, MacBeth & McCowan Chestertown, MD	Bartlett, Griffin & Vermilye Easton, MD	12/11/2018



LICENSING

OPENING DOORS FOR BUSINESS

The Licensing Unit (“Unit”) is responsible for the licensing and registration of financial services providers, including mortgage lender, brokers, services, and originators, money transmitters, check cashers, debt management services providers, debt settlement services providers, consumer lenders, installment lenders, sales finance companies, credit services businesses, credit reporting agencies, and collection agencies. At the end of FY 2019, the Office licensed 16,579 individuals and business entities, approximately 95% of amount licensed in FY18 and registered 89 individuals and business entities representing an increase of approximately 37%.

The Unit continues to utilize the NMLS to process, approve and manage license requests and license records. As noted above, during the 2019 legislative session, the General Assembly passed, and Governor Hogan signed into law, House Bill 59 (90 Md. Laws 2019), which will result in the use of the NMLS for the registration of debt settlement services providers and requires all current registrants to transfer their registration information to NMLS during a two-month period designated by the Commissioner. Transition for debt settlement service providers to the NMLS is expected to be completed in FY 2020. Similarly, the Agency continued to work on draft regulations for credit reporting agencies that would, in part, require the registration of such entities through the NMLS. The Agency expects to advance this regulatory initiative in FY 2020. If successful and once complete, the Unit will manage all of its license and registration activities through the NMLS. Achieving that goal has been a key strategic initiative of the Unit as it results in greater efficiencies, better coordination among states, and a reduction in regulatory burden.

With the rapid evolution of technology in the money transmission industry, there have been suggestions that regulation by individual states makes it time consuming—and costly—for innovative new businesses to enter the market. In response, a multi-state initiative was undertaken by the states and coordinated by the CSBS to streamline the licensing process. Under the protocol, which is evidenced by an agreement among the participating states, if requested by an applicant, a single state will review most aspects of a license request; regulators in each of the other participating states to which the business has applied for licensure will accept the findings of that state, and will review only a small number of unique, state-specific license requirements. Late in FY 2019, the Commissioner indicated his intention to participate in the initiative. Execution of the multi-state agreement and implementation of the protocol are expected early in FY 2020.

LICENSING TRAINING & OUTREACH

Unit staff participated in the NMLS Annual Conference and Training (“Conference”) this fiscal year. The Conference afforded participants the opportunity to network with state regulators and industry representatives. Additionally, Unit staff presented and participated in a daylong training conference for Maryland check cashing businesses which was hosted by the Maryland Association of Financial Service Centers (“MAFSC”) in coordination with the Agency. The event provided up-to-date information and training to small check cashing businesses on state and federal law with respect to registration, licensing, investigation, and compliance, and advice from bank representatives about working with depository institutions and avoiding check fraud.



LICENSING

NEW BUSINESS LICENSEES AND TOTAL CURRENT BUSINESS LICENSEES BY CATEGORY

Fiscal Years 2018 & 2019

License Category	New Licensees FY 2019	New Licensees FY 2018	Total Licensees FY 2019	Total Licensees FY 2018
Affiliated Insurance Producer-Mortgage Loan Originator	6	11	66	73
Check Cashier	24	18	263	300
Collection Agency	188	180	1,545	1,549
Consumer Loan	24	31	193	195
Credit Service Business	10	13	37	33
Debt Management	1	1	24	23
Installment Loan	25	26	183	174
Money Transmitter	34	25	198	171
Mortgage Lender	581	541	2,389	2,438
Mortgage Loan Originator	2,534	3,533	11,015	11,900
Registered Exempt Mtg. Lender	2	0	15	15
Sales Finance	136	144	831	829
Total	3,590	4,523	16,759	17,700

NEW BUSINESS REGISTRANTS AND TOTAL BUSINESS REGISTRANTS BY CATEGORY

Fiscal Years 2018 & 2019

License Category	New Registrants FY 2019	New Registrants FY 2018	Total Registrants FY 2019	Total Registrants FY 2018
Credit Reporting Agencies	18	6	55	37
Debt Settlement Services	7	3	34	28
Total	25	9	89	65



NON-DEPOSITORY SUPERVISION

EVALUATING SAFETY AND SOUNDNESS

The Non-Depository Supervision Unit supervises the more than 13,300 licensed individuals and 5,400 licensed or registered business operations that provide credit and other non-depository financial services to Maryland consumers. These financial service providers include mortgage lenders, brokers, servicers, and originators, money transmitters, debt management services providers, debt settlement services providers, collection agencies, credit reporting agencies, check cashers, consumer lenders, installment loan companies, sales finance companies, and credit service businesses. Many of the non-depository institutions regulated by the Commissioner offer a number of products and services, and hold multiple licenses.

Given current examination authority, this fiscal year the Unit maintained a regular examination program for mortgage services providers and money transmitters. During examinations, Unit staff members assess the operations of these licensees to evaluate whether they are complying with applicable laws and regulations and operating in a safe and sound manner. Such examinations foster good practices among licensees thereby minimizing risks to Maryland consumers.

As technology moves forward in the financial services industry, the Unit must respond accordingly. In FY 2019, six Unit staff members attended a three-day “IT and Cybersecurity Training for Examiners” course, sponsored by the Conference of State Bank Supervisors (“CSBS”). This course is intended to improve examiners’ ability to understand and assess the information technology systems and cybersecurity programs of the businesses supervised by the Unit, enabling examiners to better evaluate a regulated entity’s systems and operations geared towards protecting the personal information of Maryland consumers. Additional examiners are expected to attend the course in FY 2020.

NON-DEPOSITORY SUPERVISION

Throughout FY 2019, several Unit staff members regularly participated in the development of the State Examination System (“SES”) by the State Regulatory Registry, LLC (“SRR”), a CSBS subsidiary that operates the NMLS. SES will be a comprehensive, multi-state, system for examination management which will simplify communication between regulators and licensees during examinations, allow for customized information requests from regulators to licensees, provide for secure transmission of electronic documents from licensees to regulators, allow for storage of examination records, and aid in the sharing of examinations and examinations information among state regulators. SRR plans for a phased roll-out of the system beginning in the first quarter of FY 2020. The Unit intends to participate in the SES and continues to monitor the development and deployment of SES to identify the timeframe for its full utilization by the Unit.

MORTGAGE SUPERVISION

The Unit supervises the business activities of licensed mortgage lenders, brokers, servicers, and loan originators in the State. Companies that maintain a Maryland Mortgage Lender License are licensed to conduct mortgage brokering, lending, and servicing activity with regard to Maryland residential mortgage loans. Individuals that maintain a Maryland Mortgage Loan Originator License are employees of a mortgage lender licensee, and are licensed to take mortgage loan applications from Maryland residents and negotiate loan terms. The Unit is responsible for conducting compliance examinations of licensed mortgage lenders, whose range of services and business models, coupled with the multitude of laws and regulations governing the extension of credit and the servicing of debt obligations thereafter, require complex review and analysis. In addition to Maryland lending and credit laws, examiners evaluate compliance with federal laws, including the Real Estate Settlement Procedures Act, the Truth in Lending Act, the Secure and Fair Enforcement for Mortgage Licensing (“SAFE”) Act of 2008, and state foreclosure laws.

Pursuant to Maryland law, the Commissioner was required to examine new licensees within 18 months of licensure and at least once during any 36-month period thereafter. (Pursuant to House Bill 61, passed by the General Assembly during its 2019 session and signed into law by Governor Hogan, this requirement changes to once during any 60-month period thereafter, beginning October 1, 2019.) The Unit in FY 2019 timely commenced examination of 223 licensed entities, holding a total of 584 licenses, which represented 99.84% of the total licenses that came due during the year, and completed examinations of 259 licensed entities, holding a total of 720 licenses.¹ The Unit increased its mortgage examination staff by one examiner during the fiscal year.

The Unit continues to take an active role in multi-state examinations of mortgage brokers, lenders, and/or servicers. Multi-state examinations benefit both consumers and the industry; the use of a large, multi-state team of examiners results in a robust and detailed examination, while promoting regulatory relief as a large examination is easier for a business to manage than a series of smaller examinations. In FY 2019, the Unit participated in five joint examinations with other states under

¹ While preparing this Report, the Unit determined that 11 examinations conducted in fiscal years 2016, 2017 and 2018 were not commenced in a timely manner. The delays were caused by a limitation in the process of creating a report used in exam scheduling and resulted in overstatements of the examination commencement rates for those years. The correct examination commencement rates for those years were 99.82%, 98.82%, and 98.95%, respectively. The Unit is working to address the limitation in a manner that will ensure 100% timeliness in examination commencement.

NON-DEPOSITORY SUPERVISION

the auspices of the American Association of Residential Mortgage Regulators (“AARMR”) and the CSBS’ Multi-State Mortgage Committee (“MMC”). Two of these examinations commenced during FY 2018 and concluded during FY 2019, while three more commenced during FY 2019. The Unit also continued to coordinate and share examination findings with the Consumer Financial Protection Bureau under the terms of a 2013 coordination framework.

In FY 2019, the Unit formally proposed the first comprehensive revision of its mortgage lender regulations since the regulations were adopted in 1990. The proposed regulations were published on March 1, 2019. While various individual provisions within the regulations had been amended and new provisions had been added during the intervening years, this was the first time the entire chapter was reviewed and revised. This revision is intended to update and modernize the regulations to address industry and consumer advocate concerns, while eliminating outdated regulations and otherwise improving the efficiency and effectiveness of mortgage supervision. The revised regulations will be finalized and should take effect early in FY 2020.

The Unit was also able to secure passage by the General Assembly of House Bill 61. As mentioned previously, this change in law mandates that the Commissioner examine each licensee at least once in any 60-month period, rather than once in any 36-month period. The change will allow the Unit to increase the number of “risk-based” examinations performed; this improves consumer protection by allowing the Unit to spend less time examining licensees who have demonstrated that they operate in a safe, sound, and compliant manner, and more time examining those that pose the greatest risk to Maryland consumers.

The Office previously received mortgage supervision accreditation as administered and assessed through the AARMR/CSBS accreditation program. Accreditation is valid for five years. The Unit’s examination program is one of the most significant components of accreditation, and therefore the Unit continued during FY 2019 to refine and update the program to ensure that the Unit’s examinations meet the high standards expected of an accredited agency.

Employees of the Unit continue to maintain their professional competence through continuing education. In addition to the cybersecurity training mentioned earlier, five examiners attended AARMR’s Spring 2019 Training School in Little Rock, Arkansas, which focused on the topic of compliance management. The Unit’s more tenured Examiners continue to maintain Certified Mortgage Examiner or Certified Senior Mortgage Examiner certifications issued through CSBS.

In FY 2019, the Unit continued to have an employee appointee on the Multi-State Mortgage Committee, and had an employee re-elected to another term as an officer and member of the Board of Directors of AARMR. This representation, along with the continued participation in MMC examinations, ensures that the Unit plays an active role within the state regulatory community and provides meaningful input into coordinated mortgage supervision nationwide.

NON-DEPOSITORY SUPERVISION

MONEY TRANSMISSION SUPERVISION

Money transmitters transmit funds electronically and provide money orders, travelers' checks, bill payer services, accelerated mortgage payment services (bi-weekly mortgage payment services) and prepaid stored value cards, as well as new, consumer-friendly money service technologies. Of all areas within the financial services industry, it is money transmission that is experiencing the most significant and most rapid technological innovation, as businesses compete to provide consumers with convenient, easily accessible ways to manage and move money. Additionally, the growing use of virtual currencies has forced regulators to consider how the movement of these currencies should be viewed under existing money transmission laws and regulations, and whether changes in the regulatory environment are needed. Given the growth and the constantly evolving nature of the industry, and the risks to consumers if a business is not conducted fairly and efficiently, the Office made the decision in FY 2018 to place increased emphasis on its oversight of money transmission, and continued that emphasis in FY 2019.

Examiners from the Unit continue to participate in the Money Transmitter Regulators Association ("MTRA") joint examination committee, where national licensees are strategically examined by a multi-state team of examiners. This aids the Unit in keeping up to date with the changing industry through examination, oversight, and leveraging of resources through partnerships, and allows the Unit to better protect Maryland consumers while reducing the burden on businesses. In FY 2019, the Unit participated in a multi-state examination of a large money transmitter. As money transmitters are considered money service businesses under federal law and are thus required to adhere to Bank Secrecy Act and Anti-Money Laundering ("AML") regulations, Unit examiners continue to participate and coordinate in programs with the U.S. Internal Revenue Services and U.S. Treasury Department's Financial Crimes Enforcement Network. The goal of these programs is to achieve consistency with the BSA requirements in order to deter money laundering.

NON-DEPOSITORY SUPERVISION

Employees of the Unit maintain professional development through training and industry updates. The Unit's more tenured Examiners maintain certifications issued through CSBS as Certified Money Service Examiners and the Association of Certified Fraud Examiners as Certified Fraud Examiners. Additionally, in FY 2019, two members of the Unit staff attended the MTRA Operations School and one attended the MTRA Annual Conference and Training.

During FY 2019, the Unit conducted seven examinations of Maryland Money Transmission Licenses and as part of those examinations conducted 81 authorized delegate site visits. The Unit also added two new examiners to its staff during the fiscal year.

During FY 2019, CSBS and MTRA introduced an accreditation program for Money Services Business Supervision. This accreditation requires that an agency incorporate various "best practices" into its supervisory program. The Office determined in FY 2019 that it intends to seek this accreditation, and in FY 2020 will begin the process of reviewing requirements and making any necessary updates to its examination program, thereby ensuring that the Unit's examinations meet the high standards required of an accredited agency.





FORECLOSURE ADMINISTRATION

There are three foreclosure related reporting mandates that fall under the authority of the Office: Notice of Intent to Foreclose (“NOI”), Notice of Foreclosure (“NOF”), and a registration on the Foreclosed Property Registry (“FPR”). All three notices/registrations must be submitted to the Office electronically through a secure online interface. Office staff are responsible for oversight of the reporting process and, with support from the Maryland Department of Labor’s Office of Information Technology (“OIT”), development and maintenance of the electronic system and databases.

- A NOI is mailed by the secured party of the mortgage in default to the borrower at least 45 days prior to the foreclosure action being filed in court, and a copy of the NOI is required to be electronically submitted to the Office. The NOI provides crucial information about the mortgage and instructions to the borrower for pursuing an alternative to foreclosure. Copies of all NOIs must be submitted to the Office through the electronic system. The data received by the Office is used to facilitate its various supervisory responsibilities and outreach activities.
- Residential properties in Maryland that are the subject of pending foreclosure actions and/or were sold at a foreclosure sale must be electronically registered with a NOF and/or registered on the FPR. The NOF and FPR provides ownership information about properties in various stages of foreclosure to Maryland county and municipal officials in order to better facilitate code enforcement, nuisance abatement, law enforcement, public health, and other related activities that fall under the purview of local governments.

FORECLOSURE ADMINISTRATION

NOTE: The NOF is the newest reporting requirement; it passed during the 2017 session of the General Assembly [Senate Bill 875 (348 Md. Laws 2017) and House Bill 1048 (349 Md. Laws 2017)] and became effective October 1, 2018. Changes to the FPR reporting requirement passed during the 2018 session of the General Assembly [Senate Bill 222 (348 Md. Laws 2018) and House Bill 78 (349 Md. Laws 2018)] and became effective January 1, 2019.

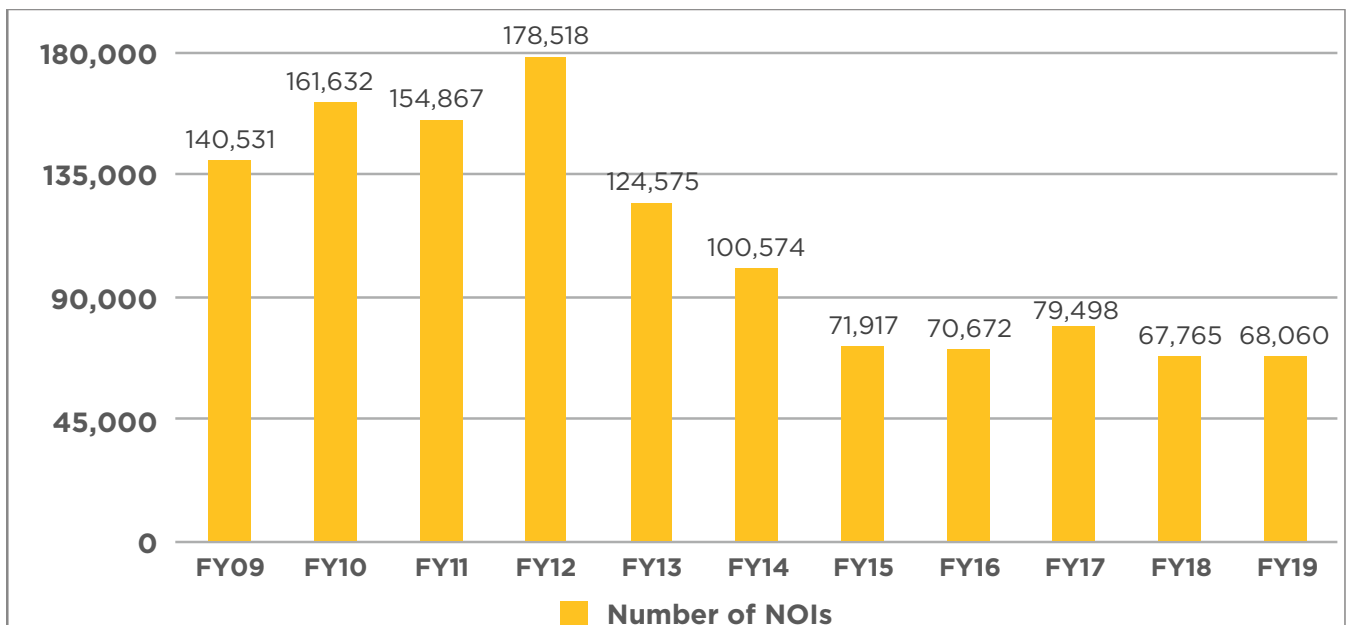
In FY 2019, the Office and OIT completed the first two stages of a multi-year website development project to significantly upgrade the existing online foreclosure databases that are used for electronic reporting. The overall project plan involves integrating all three of the foreclosure related reporting requirements into one comprehensive online FRS, with the goal of improving overall functionality and user experience. Phase one of the FRS was the development and implementation of the new NOF database, which launched October 2018; and phase two of the FRS involved upgrading and transferring the FPR onto the FRS, which launched in January 2019 coinciding with the new reporting requirements discussed above. The third and final phase involves upgrading and transferring the NOI reporting requirements to the FRS, which is expected to be completed in FY 2020.

In FY 2019, the Office received:

- **68,060 NOIs (de-duplicated), which is an increase of 0.44% from FY 2018;**
- **7,283 FPRs (initial), which is a decrease of 11.13% from FY 2018; and**
- **18,576 NOFs, which was launched October 1, 2018 and therefore there is no historical data for year-over-year comparison**

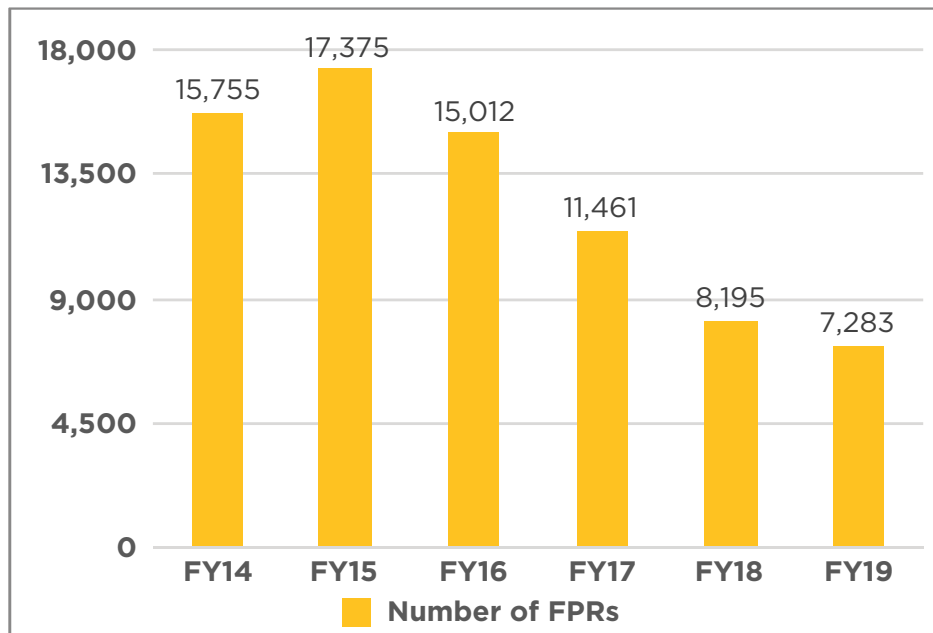
NOTICES OF INTENT TO FORECLOSE

Received per Fiscal Year



FORECLOSURE ADMINISTRATION

FORECLOSED PROPERTY REGISTRATIONS Received per Fiscal Year



SUMMARY TABLE

Type of Registration	Number Received by OCFR in FY 2019	Reporting Requirement	Person Submitting	Requirement Effective Date	Purpose
Notice of Intent to Foreclose (NOI)	68,060	After the first missed payment and 45 days prior to foreclosure action	Secured party (or their agent)	January 2011 (for electronic submission)	Office of the Commissioner of Financial Regulation - for supervision and outreach
Notice of Foreclosure (NOF)	18,576	Within 7 days of filing	Person authorized to make the foreclosure sale (or their agent)	October 2018	Maryland local governments - nuisance abatement and other related activities
Foreclosed Property Registration (FPR)	7,283	Within 30 days of sale (initial FPR) and within 30 days of deed recordation (final FPR)	Foreclosure sale purchaser (or their agent)	October 2012	Maryland local governments - for nuisance abatement and other related activities



ENFORCEMENT

INVESTIGATION AND ACCOUNTABILITY

The Enforcement Unit (“Unit”) is the investigatory and enforcement arm of the Commissioner. The Unit investigates fraud-related issues and conducts specialized examinations involving banks, credit unions, and trust companies, licensed financial institutions, individuals, and unlicensed business entities, with the goal of uncovering and addressing improper business practices and/or violations of law subject to the jurisdiction of the Commissioner. The Unit is also tasked with coordinating the enforcement activities brought by the Commissioner, including determining whether action is warranted, referring matters to litigation counsel, and managing the process when action may be taken.

In FY 2019, the Unit hired a new Director and Financial Fraud Examiner. In addition, the Unit’s paralegal was promoted to a Financial Fraud Examiner position within the Unit. These hires allowed the Unit to continue to meet its responsibilities, identify and improve operational efficiencies and expand investigatory expertise. In an effort to meet the Office’s overall mission, regular evaluation, improvements and streamlining of the overall caseload and investigatory process were integrated into the Unit’s daily functions. The Unit continued to leverage its resources to tackle challenging investigations and close out non-viable cases by working in conjunction with the Attorney General’s office and other governmental agencies.

The Office concluded a broad investigation into Equifax Inc. and other credit reporting agencies during the fiscal year. The investigation, which was opened in FY 2018, was undertaken in response to Equifax’s announcement of its data breach that impacted hundreds of millions of U.S. consumers. The focus of the investigation into the activity of credit reporting agencies in the state centered on evaluating their compliance with existing Maryland laws and regulations and was conducted under Maryland’s Credit Reporting Agencies statute (“CRA Act”) which gives the Commissioner broad investigative, enforcement and rule-making authority.

The Equifax investigation concluded in FY 2019 when the agency and Equifax entered into an Agreement and Consent Order. Equifax agreed to ensure that all operations, activities, credit reporting products and services available to Maryland residents are compliant with applicable federal and Maryland laws and regulations. Equifax also agreed to waive any payments or fees to consumers for providing the Lock and Alert product – a credit monitoring plan provided by Equifax to protect against identity theft and control

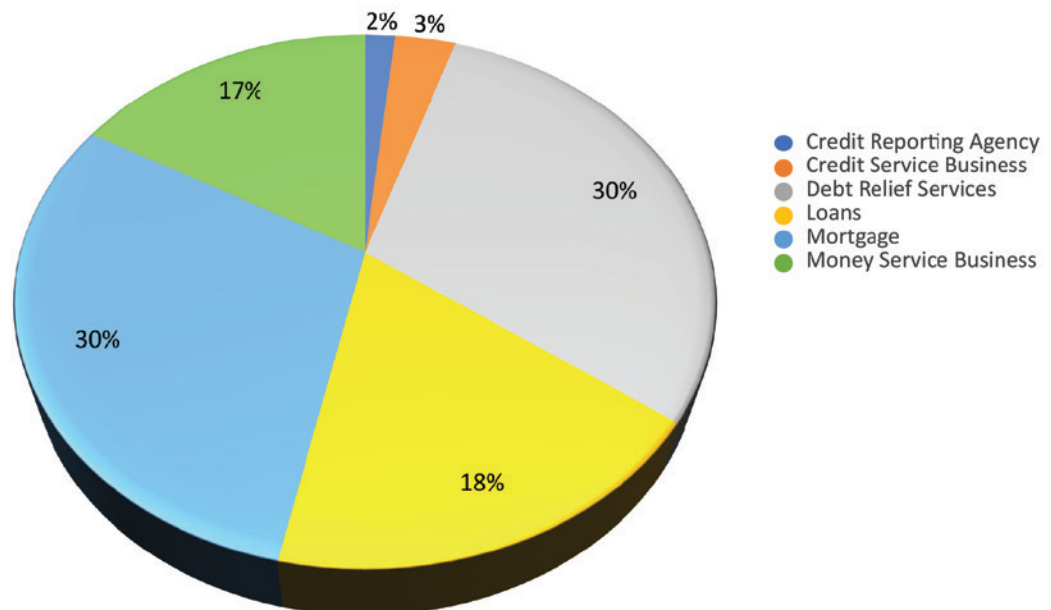
ENFORCEMENT AND MONETARY RECOVERIES

access to consumers' Equifax credit report. The terms of the Agreement, as are all public Orders issued by the Commissioner, are available through the Enforcement tab on the Office's home page.

In FY 2019, the Unit was active in overseeing significant enforcement activity involving consumer lending. Specifically, in the matter of Future Income Payments, LLC ("FIP"), after extensive investigation and coordination with the Maryland Attorney General's Office, an Order for Civil Penalties and Refunds was entered. FIP was not licensed in Maryland to make consumer loans and not registered with the State Department of Assessments and Taxation as required by Maryland law to do business in the State. FIP solicited Maryland consumers offering cash lump sum advances in exchange for the consumer paying three to five years of the consumer's pension payment to the company. The company charged Maryland consumers interest rates that far exceeded the interest rates authorized by Maryland law. Consequently, FIP was ordered to pay civil penalties to the Commissioner in the amount of \$4,860,000 and restitution to Maryland Consumers in the amount of \$855,445.

The Unit also concluded its investigation into Donnelly Financial Solutions, Inc. ("DFIN") resulting in the issuance of an Order for Civil Penalties and Refunds in the consumer lending space. DFIN engaged in unlicensed mortgage lending in Maryland and solicited loans from Maryland consumers online through its website. The company's actions showed the absence of good faith and had a negative effect on the public and industry involved. DFIN was ordered to pay a civil penalty of \$5,000 to the Commissioner and pay \$5,062 in restitution to a harmed Maryland consumer.

NEW INVESTIGATIONS (60 Total New Investigations)





CONSUMER SERVICES & COMMUNITY OUTREACH

PROTECTING AND EDUCATING CONSUMERS

SUMMARY TABLE

Complaint Category	FY 2019
Collection Agencies	197
Non-Jurisdictional*	211
Mortgage	239
Credit Reporting Company	72
Consumer Loans	124
Maryland banks and Credit Unions	87
Miscellaneous	72
TOTAL ANNUAL COMPLAINTS	1002

* Complaints received against national banks, federal thrifts, federal credit unions and out-of-state banks.

The Consumer Services Unit (“Unit”) is responsible for addressing customer complaints against licensed and unlicensed entities and individuals subject to the Commissioner’s jurisdiction. All complaints received by the Unit are assigned to an examiner within the Unit who conducts a thorough investigation of the issues raised with the goal, if possible, of bringing about an acceptable resolution to the complaint. In FY 2019, the Unit received and investigated 1,002 complaints, an increase of 4.4% over the prior fiscal year. The overall complexity of the issues raised in these complaints remained constant given the ever-evolving financial services industries under the Office’s jurisdiction. The Unit assists consumers with a diverse range of financial issues, although a large proportion of the complaints continue to involve issues related to home foreclosures and the collection of debt and debt validation. In FY 2019, the Unit, through its investigative and complaint resolution activity, was successful in recovering \$257,254.80 for Maryland consumers. That level of recovery was one of the best of recent years constituting a five-fold increase over the prior year. Over the last four fiscal years the Unit was responsible for recovering a total of \$405,438 for Maryland consumers.

The Unit continues to maintain strong working relationships with both state and federal partners who also assist consumers with financially related complaints such as the Office of the Comptroller of the Currency (“OCC”) and Consumer Financial Protection Bureau (“CFPB”). These relationships help provide a more seamless transition for the customer when they need help from another entity with their complaint in the event that the Unit can’t directly intervene. The Unit continues to coordinate

CONSUMER SERVICES

access to the OCC's electronic portal for the efficient and expeditious referral of complaints involving national banks that do not come under the Commissioner's jurisdiction. The portal allows the Unit to send and confirm the receipt of complaints directly with the OCC without the cumbersome and less transparent process of utilizing postal mail.

During the fiscal year Unit examiners were assigned to assist the Maryland Student Loan Ombudsman with student loan complaint related issues. The examiners underwent training and assisted the Ombudsman with the creation of a Student Loan Ombudsman Complaint Form and with the creation of internal processes to manage the intake and handling of complaints.

STAKEHOLDER OUTREACH AND FINANCIAL EDUCATION

The Outreach Unit is responsible for conducting and coordinating outreach to a number of stakeholders including consumers, industry, government partners, and others about issue areas impacting the jurisdiction of the Commissioner and Maryland residents. Consumer-focused outreach activities connect residents to effective financial education opportunities by informing individuals of their rights under State law and providing referral information for local financial education service providers. Industry, government, and other stakeholder outreach seeks to provide education and training on the authority of the Commissioner, on new as well as existing laws, whilst also providing the Office with an opportunity to solicit feedback from those same stakeholders. In FY 2019, the Outreach Unit organized or participated in 37 events, conferences, and stakeholder meetings, an increase of 48% over the prior fiscal year. This increase reflected the Office's efforts during the year to enhance and expand its engagement with all stakeholders.

Throughout the year, the Outreach Unit continuously engaged with the leadership of non-profit community groups, including consumer advocates and financial educational practitioners, to provide updates on the Office's activities and enforcement actions, educational seminars on the Office's jurisdiction and complaint resolution process, and to hear directly from those organizations about their clients' experiences with financial services businesses in Maryland. The Unit, as part of that process, coordinated three "Listening Sessions with the Commissioner" at different locations, throughout the State, which brought together the Commissioner and senior Office staff with those groups to exchange information and discuss consumer or financial trends in Maryland.

Unit staff also represented the Office at numerous consumer stakeholder conferences as well as meetings of the General Assembly's Financial Education & Capability Commission. The Unit also assisted the Student Loan Ombudsman in informing Maryland student loan borrowers about their rights and responsibilities as well as additional state and federal resources. Consumer education initiatives included Agency's repeat participation in "PROTECT Week", a statewide collaboration between various state agencies and nonprofits, in order to continue to highlight the rising problem of financial abuse of older Americans and the need for senior protection from financial exploitation. During PROTECT Week in June, The Commissioner wrote an op-ed outlining the growing problem of elder financial exploitation and what the Office is doing to bring more awareness to the elderly and their loved ones about their rights and resources under Maryland law. The Commissioner also participated in a press conference for PROTECT Week with the Baltimore County Executive, the Attorney General of Maryland, AARP Maryland's State Director, and the President of CCCSMD.

CONSUMER SERVICES

Additionally, the Outreach Unit continued to collaborate regularly with sister agencies in participating in financial empowerment and educational events to increase the public's knowledge of consumer laws and protections. This included six consumer protection forums hosted by state and local elected officials, five government agency expos coordinated by the Maryland Insurance Administration, and three financial fairs organized by state or local non-profit agencies.

The Unit mailed approximately 62,000 assistance letters and informational brochures directly to homeowners who were at risk of foreclosure. These informational packets include an explanation of the foreclosure process, tips for communicating with lenders and avoiding scammers, and contact information for nonprofit resources and the Office.

In October 2019 the Outreach Unit, in partnership with the Maryland Association of Financial Service Centers, organized an industry training event for check cashing businesses in Maryland, with the primary goal of improving awareness of (and compliance with) state and federal consumer protection and anti-money laundering laws and to provide guidance on industry best practices involving business operations, with a focus on reaching small business owners. This training included workshop sessions taught by federal agency partners and representatives from the banking sector as well the Office's Licensing and Supervision Units. The day-long event provided a forum for check cashers to interact with the Office, numerous federal agencies and also with one another to share knowledge and network.

The Unit is also responsible for increasing awareness of both the Maryland Foreclosed Property Registry and foreclosure registration laws amongst the state's county and municipal officials. The Registry, an online database launched by the Office in FY 2012, pursuant to legislative mandate, provides ownership information about properties that were sold at foreclosure to local officials in Maryland, with the purpose of facilitating code enforcement, nuisance abatement, law enforcement, public health and other related activities that fall under the purview of local governments.

In FY 2019, a new law became effective requiring those persons authorized to make foreclosure sales to submit a notification to the Office when the first foreclosure action is filed, thus providing additional information earlier in the foreclosure process. As part of implementation of this law, in FY 2019 the Office launched a new integrated database called the Foreclosure Registration System ("FRS"). As part of those efforts to update and inform county and municipal officials about the FRS and foreclosure registration laws, the Outreach Unit staffed an exhibitor booth and provided instructional materials to attendees of the Maryland Municipal League ("MML") and the Maryland Association of Counties ("MACo") conferences. The Unit also conducted a training for the Maryland Code Enforcement and Zoning Officials Association about the newly launched online database, and gave a presentation at MML's fall conference on the foreclosure process and associated registration mandates.



FINANCIALS

SUMMARY OF ALL OFFICE REVENUES AND EXPENDITURES

Fiscal Years Ending June 30th

REVENUES	FY 2017	FY 2018	FY 2019
Special Funds			
Banking and Credit Union Regulation	\$3,911,355	\$4,109,104	\$4,658,873
Money Transmission	-\$293,000	\$0	\$0
Debt Management Services	(\$158)	\$0	\$0
Non-Depository	\$6,949,601	\$7,369,000	\$7,599,346
Subtotal	\$10,567,798	\$11,478,104	\$12,258,219
Foreclosure Related Special Funds			
Attorney General's Settlement	\$240,830	\$0	\$0
Mortgage Foreclosure Mediation	\$102,929	(\$52,009)	\$45,427
Foreclosed Property Registry	\$803,676	\$573,882	\$490,605
Subtotal	\$1,147,435	\$521,872	\$536,031
General Funds			
Licensing Fees	\$870,987	\$1,077,251	\$0
Fines & Penalties	\$5,240,190	\$712,900	\$216,637
Subtotal	\$6,111,177	\$1,790,151	\$216,637
Total Revenue	\$17,826,411	\$13,790,128	\$13,010,887
EXPENDITURES	FY 2017	FY 2018	FY 2019
Salaries and Benefits	\$7,741,510	\$7,452,977	\$7,596,775
Technical and Special Fees	\$465,290	\$494,555	\$421,284
Communication	\$62,774	\$77,999	\$84,653
Travel/Training	\$310,482	\$309,708	\$296,326
Lease Expense, Parking Facilities	\$44,204	\$34,400	\$38,614
Contractual Services	\$293,492	\$641,396	\$729,536
Supplies and Materials	\$29,685	\$30,538	\$40,664
Equipment	\$83,140	\$79,286	\$90,230
Fixed Charges, Rent	\$325,016	\$346,911	\$344,545
Administrative Expenses	\$1,217,810	\$1,212,045	\$1,251,806
Total Expenditures	\$10,573,402	\$10,679,815	\$10,894,432
Net Revenue for Fiscal Year	\$7,253,008	\$3,110,312	\$2,116,455

See Explanation, Page (Office Revenues and Expenditures - Financial Information)

REVENUES AND EXPENDITURES - GENERAL FUND

Fiscal Years Ending June 30th

REVENUES	FY 2017	FY 2018	FY 2019
Non-Depository Licensing Fees	\$870,987	\$1,077,251	\$0
Fines & Penalties *	\$5,240,190	\$712,900	\$216,637
Total Revenue	\$6,111,177	\$1,790,151	\$216,637

* All Fines & Penalties from all Programs are paid into the State's General Fund

EXPENDITURES	FY 2017	FY 2018	FY 2019
Salaries and Benefits	\$1,435,240	\$1,070,962	\$0
Total Expenditures	\$1,435,243	\$1,070,962	\$0
Net Revenue for Fiscal Year	\$4,675,934	\$719,189	\$216,637

BANK & CREDIT UNION SPECIAL FUND

Fiscal Years Ending June 30th

REVENUES	FY 2017	FY 2018	FY 2019
Bank & Credit Union Assessments	\$3,674,689	\$3,856,950	\$4,446,806
Non-Depository Trust Company Assessments	\$194,491	\$192,084	\$184,647
Depository Amendment and Filing Fees	\$41,995	\$59,920	\$27,420
Miscellaneous Income/Other	\$180	\$150	
Total Revenue	\$3,911,355	\$4,109,104	\$4,658,873

EXPENDITURES	FY 2017	FY 2018	FY 2019
Salaries and Benefits	\$2,072,245	\$1,930,319	\$2,075,912
Technical and Special Fees	\$347,817	\$376,382	\$307,676
Communication	\$16,648	\$21,054	\$21,127
Travel/Training	\$205,723	\$202,947	\$212,470
Lease Expense, Parking Facilities	\$1,028	\$800	\$898
Contractual Services	\$16,403	\$8,124	\$5,202
Supplies and Materials	\$11,673	\$3,769	\$13,270
Equipment	\$67,960	\$2,074	\$2,480
Fixed Charges, Rent	\$125,811	\$143,623	\$128,021
Administrative Expenses	\$536,332	\$481,407	\$329,605
Total Expenditures	\$3,401,640	\$3,170,500	\$3,096,659

Net Revenue for Fiscal Year	\$509,715	\$938,604	\$1,562,214
Year End Adjustment	\$3,199,010	\$4,137,614	\$5,699,828
Special Fund Balance Carried Forward			

FINANCIALS

NON-DEPOSITORY SPECIAL FUND

Fiscal Years Ending June 30th

REVENUES	FY 2017	FY 2018	FY 2019
Non Depository License Fees	\$6,520,140	\$6,919,212	\$7,364,013
Non Depository Examination Fees	\$425,096	\$336,229	\$261,518
Miscellaneous Income/Other	\$4,365	\$113,559	(\$26,185)
Total Revenue	\$6,949,601	\$7,369,000	\$7,599,346
EXPENDITURES	FY 2017	FY 2018	FY 2019
Salaries and Benefits	\$3,581,391	\$4,056,160	\$5,299,774
Technical and Special Fees	\$117,423	\$118,173	\$113,608
Communication	\$14,393	\$26,732	\$39,381
Travel/Training	\$95,554	\$103,456	\$81,992
Lease Expense, Parking Facilities	\$39,692	\$31,840	\$35,920
Contractual Services	\$116,938	\$307,982	\$260,226
Supplies and Materials	\$14,717	\$24,026	\$23,424
Equipment	\$14,142	\$72,827	\$87,750
Fixed Charges, Rent	\$198,940	\$202,999	\$216,524
Administrative Expenses	\$552,136	\$535,356	\$789,434
Total Expenditures	\$4,745,326	\$5,479,552	\$6,948,032
Net Revenue for Fiscal Year	\$2,204,276	\$1,889,449	\$651,314
Special Fund Balance Carried Forward	\$7,753,156	\$9,642,605	\$10,293,918

SPECIAL FUND - DEBT MANAGEMENT/SETTLEMENT **

Fiscal Years Ending June 30th

***This Fund was transferred to the Non-Depository Special Fund pursuant to Chapter 341 of the Laws of Maryland 2016*

REVENUES	FY 2017	FY 2018	FY 2019
Debt Management Licensing Fees			
Debt Management Examination Fees			
Miscellaneous Income/Other			
Miscellaneous Income/Other			
Transfer to Non-Depository Special Fund	\$(158)		
Total Revenue	\$(158)	\$0	\$0

EXPENDITURES	FY 2017	FY 2018	FY 2019
Salaries and Benefits			
Communication			
Travel/Training			
Lease Expense, Parking Facilities			
Contractual Services			
Fixed Charges, Rent			
Administrative Expenses			
Total Expenditures	\$0	\$0	\$0

Net Revenue for Fiscal Year	\$(158)	\$0	\$0
Special Fund Balance Carried Forward	\$(158)	\$0	\$0



FINANCIALS

SPECIAL FUND - MONEY TRANSMITTERS **

Fiscal Years Ending June 30th

***This Fund was transferred to the Non-Depository Special Fund pursuant to Chapter 341 of the Laws of Maryland 2016*

REVENUES	FY 2017	FY 2018	FY 2019
Money Transmitter Licensing Fees			
Money Transmitter Examination Fees			
Miscellaneous Income/Other			
Miscellaneous Transfers			
Transfer to Non-Depository Special Fund	\$(293,000)		
Total Revenue	\$(293,000)	\$0	\$0

EXPENDITURES	FY 2017	FY 2018	FY 2019
Salaries and Benefits			
Technical and Special Fees			
Communication			
Travel/Training			
Lease Expense, Parking Facilities			
Contractual Services			
Supplies and Materials			
Equipment			
Fixed Charges, Rent			
Administrative Expenses			
Total Expenditures	\$0	\$0	\$0

Net Revenue for Fiscal Year	\$(293,000)	\$0	\$0
Special Fund Balance Carried Forward	\$(293,000)	\$0	\$0

SPECIAL FUND - MORTGAGE LENDER/ORIGINATOR **

Fiscal Years Ending June 30th

***This Fund was transferred to the Non-Depository Special Fund pursuant to Chapter 341 of the Laws of Maryland 2016*

REVENUES	FY 2017	FY 2018	FY 2019
Mortgage Licensing Fees			
Mortgage Examination Fees			
Miscellaneous Income/Other			
HB 72- BRFA			
Transfer to Non-Depository Special Fund	\$(5,255,682)		
Total Revenue	\$(5,255,682)	\$0	\$0

EXPENDITURES	FY 2017	FY 2018	FY 2019
Salaries and Benefits			
Technical and Special Fees			
Communication			
Travel/Training			
Lease Expense, Parking Facilities			
Contractual Services			
Supplies and Materials			
Equipment			
Fixed Charges, Rent			
Administrative Expenses			
Total Expenditures	\$0	\$0	\$0

Net Revenue for Fiscal Year	\$(5,255,682)	\$0	\$0
Special Fund Balance Carried Forward	\$(5,255,682)	\$0	\$0



FINANCIALS

SPECIAL FUND - MORTGAGE FORECLOSURE MEDIATION

Fiscal Years Ending June 30th

REVENUES	FY 2017	FY 2018	FY 2019
Miscellaneous Income/Other (Reimbursed)	\$102,929	\$8,771	\$45,427
Accrued revenue		(\$60,780)	
Total Revenue	\$102,929	(\$52,009)	\$45,427

EXPENDITURES	FY 2017	FY 2018	FY 2019
Communication	\$28,784	\$25,063	\$22,980
Supplies and Materials	\$3,241		\$3,770
Administrative Expenses	\$10,124	\$11,337	\$5,585
Total Expenditures	\$42,149	\$36,400	\$32,335

Net Revenue for Fiscal Year	\$60,780	(\$88,409)	\$13,091
Special Fund Balance Carried Forward	\$60,780	(\$27,629)	(\$14,538)

See Explanation 2, Page (Office Revenues and Expenditures - Financial Information)

SPECIAL FUND - FORECLOSED PROPERTY REGISTRY

Fiscal Years Ending June 30th

REVENUES	FY 2017	FY 2018	FY 2019
Foreclosure Registrations	\$765,250	\$535,850	\$450,800
Miscellaneous Income/Other	\$38,426	\$38,032	\$39,805
Total Revenue	\$803,676	\$573,882	\$490,605

EXPENDITURES	FY 2017	FY 2018	FY 2019
Salaries and Benefits	\$411,804	\$395,536	\$221,089
Special and Technical	\$50		
Communication	\$2,946	\$5,150	\$1,165
Travel/Training	\$9,205	\$3,304	\$1,864
Lease Expense, Parking Facilities	\$3,484	\$1,760	\$1,796
Contractual Services	\$160,151	\$325,291	\$464,109
Supplies and Materials	\$54	\$2,743	\$200
Equipment	\$1,038	\$4,385	
Fixed Charges, Rent	\$265	\$289	
Administrative Expenses	\$119,218	\$183,944	\$127,182
Total Expenditures	\$708,215	\$922,402	\$817,405

Net Revenue for Fiscal Year	\$95,461	(\$348,521)	(\$326,800)
Special Fund Balance Carried Forward	\$2,648,396	\$2,299,875	\$1,973,075

See Explanation 3, Page (Office Revenues and Expenditures - Financial Information)

Office Revenues and Expenditures

FINANCIAL INFORMATION

Notes of Explanation.

1. Summary of All Office Revenues and Expenditures
 - a. Commencing in FY 2017 receipts from Maryland-licensed mortgage lenders and mortgage loan originators; money transmitters, debt management companies; and debt settlement companies were deposited into the Non-depository Special Fund.
 - b. Pursuant to HB187, as of June 1, 2018, funds that were received from licensing and examining collection agencies, consumer lenders, installment lenders, sales finance companies, mortgage lenders, check cashing services, and credit services businesses began being credited to the Non-Depository Special Fund.
 - c. The negative (\$52,009) in revenue for FY 2018 in the Mortgage Foreclosure Mediation line is discussed in Note 2.
2. Special Fund – Mortgage Foreclosure Mediation
 - a. The (\$52,009) FY 2018 Total Revenue balance represents the result of a reimbursement of an overpayment made in FY 2017.
 - b. The carried forward balance of (\$27,629) for FY 2018 and (\$14,538) for FY 2019 represents funds due to the Office for a Notice of Intent to Foreclose mailing service that was not reimbursed to the Office prior to the close of the fiscal year. That sum has been reimbursed to the Office as of the first quarter of FY 2019.
3. Special Fund – Foreclosed Property Registry
 - a. The negative net revenue for FY 2018 and FY 2019 are as a result of expenditures for enhancements to the Foreclosed Property Registry website as a result of requirements mandated by state law. Upon completion of the enhancements in FY 2020, assuming revenue from foreclosure registrations does not materially decrease in the coming years, net revenue of the programs is expected to revert to positive levels.



HISTORICAL LISTS

HISTORICAL LIST OF COMMISSIONERS

As of June 30, 2019

NAME	FROM	TO
Antonio P. Salazar	2017	Present
Gordon M. Cooley	2014	2017
Mark A. Kaufman	2010	2014
Sarah Bloom Raskin	2007	2010
Charles W. Turnbaugh	2003	2007
Mary Louise Preis	1999	2003
H. Robert Hergenroeder *	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	1960
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

HISTORICAL LIST OF DEPUTY COMMISSIONERS**As of June 30, 2019**

NAME	FROM	TO
Teresa M. Louro	2016	Present
Keisha L. Whitehall Wolfe (Acting)	2014	2015
Gordon M. Cooley	2013	2014
Anne Balcer Norton	2010	2013
Mark A. Kaufman	2008	2010
Joseph E. Rooney	2003	2008
Nerry L. Mitchell	1999	2003
William L. Foster **	1996	1999
David M. Porter	1993	1996
Henry L. Bryson	1987	1993
Charles R. Georgius	1979	1987
Charles A. Knott, Jr.	1977	1979
Albert E. Clark	1972	1977
H. Sadtler Nolen	1967	1972
John D. Hospelhorn	1923	1967
John J. Ghingher	1919	1923
George W. Page	1912	1919
John C. Motter	1910	1912

*** In 1996, the Bank Commissioner's Office was merged by statute with the Office of Consumer Credit, resulting in the change of titles from Bank Commissioner and Deputy Bank Commissioner of Financial Regulation to Commissioner and Deputy Commissioner of Financial Regulation respectively*

