

STATE OF MARYLAND
OFFICE OF THE COMMISSIONER OF FINANCIAL
REGULATION

DEPARTMENT OF LABOR, LICENSING AND REGULATION
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BALTIMORE, MARYLAND 21202

ANNUAL REPORT
FOR FISCAL YEAR ENDING
JUNE 30, 2012



Presented to:

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DEPUTY COMMISSIONER

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

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HIGHLIGHTS OF THE OFFICE – FISCAL YEAR 2012

During FY 2012, DLLR's Office of the Commissioner of Financial Regulation ("the Office") continued to protect Maryland consumers, to promote a safe and healthy financial services system and to play a central role in Maryland's effort to combat the financial and foreclosure crises on multiple fronts.

- From a banking industry perspective, the Office continued to promote a safe and successful state chartered banking industry. During fiscal year 2012, the Office approved applications from two institutions to convert from federal to state charters - Midstate Community Bank and Liberty Community Bank. Additionally, several state-chartered banks and credit unions completed acquisitions of smaller institutions. Destinations Credit Union and State Employees Credit Union each acquired and merged with a federal credit union, EagleBank/Eagle Bancorp acquired Alliance Bank, and Sandy Spring/Sandy Spring Bancorp acquired Commerce First Bank. At the same time, the Office also oversaw the closures of HarVest Bank and Bank of the Eastern Shore in April of 2012. There were no disruptions in services or significant losses to depositors associated with either closure.
- More broadly, the Office continued its efforts to aid consumers throughout the State in addressing financial services challenges. In total, the Consumer Services unit responded to more than 2,300 consumer complaints. At the same time, the Enforcement Unit completed approximately 200 investigations, approximately 60% of which were mortgage related. The Office issued more than 50 cease and desist orders and 30 final orders, primarily related to loan modification scams whereby consumers were charged illegal up-front fees for false promises of assistance in obtaining a mortgage modification or avoiding foreclosure. While these actions have resulted in tens of thousands of dollars of restitution, the Office has focused on warning consumers – "Don't Pay, Walk Away" – as orders calling for even more have gone unpaid are out of state and, in many cases, out of business. In total, the efforts of the Consumer Services and Enforcement Units generated over \$1.2 million in recoveries to consumers including fee waivers, mortgage modifications and other satisfaction. These amounts exclude a collections action resulting in more than \$12 million in dismissed consumer claims detailed below.
- The Office also worked to pursue mortgage fraud criminally through a grant funded by the US Department of Justice. The initiative included establishing a Director of Mortgage Fraud who would work collaboratively with local law enforcement agencies and prosecutors. One significant case that stemmed from this program, in cooperation with the Baltimore County Police Department and the State's Attorney for Baltimore County, targeted a defendant who offered fraudulent loan modification services. He took illegal up-front fees and stole monthly mortgage payments from homeowners that they had been led to believe were being transmitted to their mortgage lenders. The perpetrator was charged in a 46 count indictment, and a subsequent plea agreement resulted in a sentence of 35 years for nine counts of mortgage fraud.
- Additionally, through the Maryland State Collection Agency Licensing Board ("the Board"), the Office continued to aggressively pursue improper collections practices. The Board settled a significant case with LVNV, a debt buyer, and Resurgent Capital, a related collections agency for alleged violations of federal and state debt collection laws. The settlement included a voluntary fine of \$1 million payable to the State, an agreement to dismiss more than 3,500 collections cases pending in Maryland district courts having balances of over \$7.7 million, and credits totaling over \$3.8 million which will be applied to the accounts of over 6,200 consumers whose cases have already been adjudicated or settled.

- Nationally, the Office played a leadership role in addressing mortgage servicing issues. The Commissioner served on the Executive Committee of the National Mortgage Servicing Settlement which investigated the nation's five largest mortgage servicers in response to the nationwide epidemic of foreclosure abuses and unacceptable mortgage servicing practices, including those known as "robo-signing." An unprecedented \$25 billion settlement involving state bank regulators, attorneys general, Department of Justice and HUD was reached on February 9, 2012. The settlement offers millions in relief to Maryland. This settlement will deliver an estimated \$900 million in benefits to Maryland, including approximately \$60 million as a fine to the State of Maryland. The Office was named to the monitoring committee which is overseeing the implementation and compliance with the settlement terms. The Office is the only financial regulatory Office serving on the monitoring committee with 14 Attorney General Offices from around the United States.
- The Office also conducted extensive outreach. The Office receives copies of Notices of Intent to Foreclose sent to delinquent Maryland borrowers and since January 2012, more than 150,000 outreach packages have been mailed to homeowners in Maryland containing foreclosure prevention information and warnings regarding scams. Homeowners with mortgages serviced and owned by the five largest servicers participating in the National Mortgage Servicing Settlement received additional information regarding the settlement and resources available.

LEGISLATIVE HIGHLIGHTS SUMMARY

Teresa B. Carnell, Assistant Attorney General, Counsel to the Commissioner
Jeanine Magurshak, Assistant Attorney General, Counsel to the Commissioner

HB515/SB476 – Financial Education and Capability Commission – This legislation creates the Financial Education and Capability Commission to (1) monitor the implementation of public and private initiatives to improve the financial education and capability of residents of the State; and (2) make recommendations on the coordination of financial education and capability efforts across State agencies. The bill requires the commission to report to the Governor and the General Assembly, by December 1 of each year, on its recommendations and the status of the State’s efforts to improve the financial education and capability of residents of the State. The Maryland Creating Assets, Savings, and Hope (CASH) Campaign provides staff for the commission, effective October 1, 2012.

HB571/SB792 – Lend Local Act of 2012 – The legislation establishes a Linked Deposit Program for Small Businesses in DHCD to support small businesses that qualify for the Small Business Reserve Program in gaining access to credit by assisting these businesses in obtaining loans at lower-than-market interest rates. DGS must confirm the small business status of a business at the point of the initial loan and notify DHCD if a business receiving a loan under the program no longer qualifies as a small business, effective July 1, 2012.

HB600/SB580 - Mortgage Forgiveness Debt Relief – This legislation creates a subtraction modification against the State income tax for qualified mortgage debt relief. The subtraction modification is equal to the amount of the discharge of qualified principal residence indebtedness allowable under the federal Mortgage Forgiveness Debt Relief Act of 2007, as amended. The maximum value of the subtraction modification is limited to \$1.0 million for individuals and \$2.0 million for joint returns. The bill provides for recapture of the tax benefit if the taxpayer claiming the subtraction modification sells or otherwise disposes of the property for which the subtraction modification is claimed, effective July 1, 2012, and applies to tax year 2013 only. The law terminates June 30, 2014.

HB1027/SB901 – Credit Regulation – Retail Installment Sales and Closed End Credit – Debt Cancellation Agreements – Definitions. The legislation alters the definition of “debt cancellation agreement,” in relation to a retail installment sale and closed-end credit transaction, by including an agreement under which the outstanding balance (or remaining loan balance) payable on an installment loan is reduced by the actual cash value of a motor vehicle at the time of loss, if the buyer’s insurance does not cover the loss. The bill also alters the definitions of “outstanding balance” and “remaining loan balance,” in relation to retail installment sales and closed-end credit transactions, respectively, to exclude any deferred payments and the refundable portion of any financed taxes or charges, including charges for credit life insurance, credit health insurance, credit involuntary unemployment benefit insurance, and mechanical repair contracts, effective October 1, 2012.

HB1373 – Foreclosed Property Registry (DEPT). This bill requires the Department to establish and maintain an Internet-based Foreclosed Property Registry for information relating to foreclosure sales of residential property. The bill requires a foreclosure purchaser to submit an initial registration form within 30 days of the sale and a final registration form within 30 days after the deed has been recorded. The bill also establishes the Foreclosed Property Registry Fund. The bill requires the Department to report to the General Assembly by December 1, 2012, on the status of the Foreclosed Property Registry and the Foreclosed Property Registry Fund, effective October 1, 2012.

HB1374 – Foreclosures and Pre-File Mediation (DEPT). This bill authorizes a secured party to offer to participate in prefile mediation with a mortgagor or grantor to whom the secured party has delivered a

notice of intent to foreclose. If the mortgagor or grantor elects prefile mediation, an order to docket or complaint to foreclose may not be filed until the completion of the mediation. The bill requires a secured party that offers prefile mediation to include specified information and a prefile mediation application in the notice of intent to foreclose. The bill authorizes the Commissioner of Financial Regulation to adopt regulations to carry out the bill's provisions. The bill also exempts from the State income tax any payment to an individual made as a result of a foreclosure settlement negotiated by the Attorney General. An order to docket or complaint to foreclose served on a mortgagor or grantor before the effective date of the regulations adopted by the Commissioner is in compliance with Maryland law if the order or complaint complies with current law as it existed immediately prior to October 1, 2012.

SB290 – Savings Banks Conversions (DEPT). This bill clarifies existing statute authorizing a mutual savings bank to convert to a capital stock savings bank with the approval of its members and the Commissioner of Financial Regulation. The bill requires the Commissioner to charge and collect, in advance, an application fee of \$5,000 for the conversion. The Commissioner must adopt regulations to govern the conversion, effective July 1, 2012.

SB302 – Mortgage Lenders Licensing Exemption (DEPT). This bill removes the mortgage lender licensing exemption for (1) a person who makes three or fewer mortgage loans per calendar year; (2) a person who brokers at most one mortgage loan per calendar year; and (3) a specified subsidiary or affiliate of any financial institution without specified connections to the State. The bill also provides the Commissioner of Financial Regulation with investigative and enforcement powers over a subsidiary or affiliate of an institution over which the Commissioner has jurisdiction, effective January 1, 2013.

SB303 – Credit Regulation – Debt and Management Services (DEPT). This bill clarifies that either party to a debt management services agreement may rescind the contract at any time by giving written notice to the other party. The bill also prohibits a person licensed by the Commissioner of Financial Regulation to provide debt management services from violating any provision of federal or State law governing debt management services or other related services, effective July 1, 2012.

Chapter 78 (SB545) – Money Transmitters Licensing Requirements (DEPT). This bill authorizes the Commissioner of Financial Regulation to participate in the establishment and implementation of a multistate automated licensing system for persons who engage in money transmission. The bill also makes several changes relating to licensing requirements for persons engaged in money transmission under the Maryland Money Transmission Act, including requiring money transmitters to pay the application processing fee imposed by the nationwide licensing system for each branch location license, renew a license every year, and pay a per-day fee set by the Commissioner for each of the Commissioner's employees engaged in an on-site examination of the licensee. The bill also makes license and investigation fees nonrefundable, effective June 1, 2012.

SB546 – Mortgage Lenders and Loan Originators (DEPT). This bill requires an applicant for a mortgage lender license or mortgage loan originator license to complete, sign, and submit the application to the Commissioner of Financial Regulation according to the process the Commissioner requires and provide all information the Commissioner requests. The bill makes any mortgage lender license or mortgage loan originator license application fee paid to the Commissioner nonrefundable. The bill requires a mortgage lender licensee renewing a license to provide the Commissioner with proof satisfying specified minimum net worth requirements within 90 days after the last day of the licensee's most recent fiscal year, effective July 1, 2012.

DEPOSITORY SUPERVISION

Banks, Credit Unions and Trust Companies Annual Overview

Teresa M. Louro, Assistant Commissioner - Bank Supervision

The Office supervises sixty-four institutions, including forty-seven Maryland state chartered banks, nine credit unions, and six non-depository trust companies, as well as Anne Arundel Economic Development Corporation, and American Share Insurance Corporation (“ASI”) of Dublin, Ohio, a private provider of deposit insurance to credit unions.

Banks

Maryland’s banking industry experienced yet another challenging, but productive year, showing gradual improvement while adapting to an evolving economic, competitive and regulatory climate. After the financial and economic turmoil of the past few years, conditions in the banking industry continue to stabilize and improve. Though challenges remain, the state chartered banking system continues to be profitable on an aggregate basis and plays a vital role in the economy, particularly in terms of lending to small businesses.

The financial crisis and its aftermath impacted banks of all sizes. While Maryland’s state chartered banks were not active players in many areas which led to the crisis (sub-prime lending, structured financial products, etc.) no financial institution could avoid the economic slowdown that followed. While the state’s economy has performed better than the national average, a soft real estate market combined with a traditional focus on commercial real estate lending in the community bank segment has created a challenging credit environment; however, nonperforming assets have decreased since the previous year and continue on a downward trend as our institutions work through problem credits. Banks continue to lend, with a focus on small businesses and Small Business Administration business lending.

In response, the state chartered banks have remained conservative and continued to operate profitably. Return on assets improved in fiscal year 2012 to 0.59%, up from 0.36% in fiscal year 2011. This remains below historical norms as institutions devote focus and resources to enhancing risk management practices, increasing loan workout capabilities and bolstering loan loss provisions. Non-current loans as a percentage of total loans continued to fall in fiscal year 2012 to 2.83% from 3.38% in the prior year. The state chartered system has also continued to enhance its capital position, ensuring safety and soundness and positioning the institutions for future growth. Overall, the ratio of capital to assets for the state chartered banks improved throughout fiscal year 2012 by all measures.

Overall, state chartered banks continued to grow and thrive. During fiscal year 2012, total assets of all state chartered banks grew by approximately \$1.7 billion to \$24.9 billion. Growth was in part the result of three federal thrifts converting to state chartered institutions: Liberty Bank of Maryland (formerly Liberty Federal Savings and Loan Association) and Midstate Community Bank (formerly Midstate Federal Savings and Loan Association) to savings banks and Baltimore County Savings Bank (formerly Baltimore County Savings Bank, FSB) to a commercial bank. In addition, in April 2012 Old Line Bank acquired Maryland Bank & Trust Company, NA of approximately \$346 million in total assets. Growth continued to be depressed by a small subset of troubled institutions which shrunk assets during the year and, most notably, the failure of the Bank of the Eastern Shore, a \$162,460 million institution based in Dorchester County, and the HarVest Bank of Maryland, a \$163,019 million bank based in Montgomery County, in April 2012. Both institutions were resolved by the Federal Deposit Insurance Corporation (“FDIC”), with the assets and liabilities of HarVest Bank of Maryland purchased by Sonabank of McLean, Virginia. To protect the depositors of the Bank of the Eastern Shore, the FDIC created the Deposit Insurance National Bank of Eastern Shore to allow depositors access to their insured deposits and time to open accounts at other insured depository institutions.

Safety and soundness examinations continue to be full scope, focusing heavily on asset quality, including investment portfolios, capital, earnings, liquidity and risk management practices. Given the economic environment, more institutions are under enforcement actions to address weaknesses and regulatory concerns. Enhanced supervision and oversight include: weekly, bi-weekly, or monthly teleconference calls held with institutions; visitations and targeted examinations conducted between scheduled examinations to evaluate and assess compliance with enforcement actions and/or concerns detected during off-site monitoring practices. Examination cycles have been reduced to 12 months versus 18 months when warranted or more frequent if deemed necessary.

Looking ahead, the state chartered banks continue to face a challenging environment. Compliance requirements are changing and increasing as the Dodd Frank Act is implemented. Monitoring and adapting to new requirements are increasing cost and demanding significant management attention. The Office is committed to assisting banks in this transition. The Commissioner and Assistant Commissioner for Bank Supervision maintain an active dialogue with bank management teams throughout the state and seek outreach opportunities to facilitate communication. The Commissioner maintains a policy voice at the federal level, in part, by serving as Chairman of the Regulatory Committee and Vice Chairman of District I for the Conference of State Bank Supervisors, a national organization representing all state bank commissioners.

Credit Unions

The Office regulates and supervises nine Maryland state-chartered credit unions, as well as ASI, a private provider of deposit insurance. Of the nine credit unions, six are federally insured through the National Credit Union Share Insurance Fund, and the remaining three are insured by ASI. Each credit union receives an annual on-site examination, supplemented by a quarterly monitoring program. Targeted visitations are also performed, as deemed necessary.

The credit union industry remains sound. As in the case of state chartered banks, the current economic environment continues to have an impact on credit union trends. Delinquency increased, especially in the real estate sector, from 1.58% as of June 30, 2011 to a weighted average ratio of 2.03% as of June 30, 2012. During the same period, average charge-offs decreased from 0.78% to a weighted average ratio of 0.43% as the credit unions worked with delinquent borrowers. The credit quality of loans will continue to be closely monitored during the current soft real estate market and on-going economic recession.

Overall, loan growth increased 10%, while assets under supervision increased by approximately \$342 million to \$4.6 billion, or by 8%. Net worth represents 10.2% of total assets. While the net interest margins remain low, credit unions, as a group, continue to operate profitably, as reflected in an annualized ROA of 0.79%.

Non-Depository Trust Companies

Maryland state-chartered non-depository trust companies continue to feel the impact of the financial crisis, particularly, the initial downturn in the equities and real estate markets. The rapid recovery in the public stock, bond and real estate markets, combined with additional asset gathering resulted in a significant rebound in performance in fiscal year 2012. Assets-under-management grew from \$165 billion in 2009 to \$215 billion in fiscal year 2012. The state's trust companies continue to monitor volatility and economic conditions in the United States and global stock markets, and manage accordingly.

Consolidated Statement of Financial Condition State Chartered Banks

As of June 30, 2011 & 2012 *(in thousands)*

ASSETS	FY 2012	FY 2011	% Change
Cash & Balances Due From Depository Institutions:			
Non-Interest Bearing & Currency and Coin	\$472,030	\$437,949	7.8%
Interest Bearing Balances	\$1,214,657	\$1,034,067	17.5%
Securities	\$4,128,600	\$3,662,011	12.7%
Federal Funds Sold and Securities Purchased Under Agreements to Sell	\$274,563	\$425,061	-35.4%
Loans and Leases, Net of Unearned Income	\$17,398,087	\$15,962,889	9.0%
(Allowance for Loan and Lease Losses)	(\$282,823)	(\$307,183)	-7.9%
Premises and Fixed Assets (including capitalized leases)	\$359,100	\$351,193	2.3%
Other Real Estate Owned	\$183,436	\$182,556	0.5%
Intangible Assets	\$270,061	\$272,067	-0.7%
Other Assets	\$860,962	\$1,171,761	-26.5%
Total Assets	\$24,878,673	\$23,192,371	7.3%
LIABILITIES			
Deposits:			
In Domestic Offices	\$20,394,192	\$18,840,036	8.2%
Federal Funds Purchased & Securities Sold Under Repurchase Agreements	\$424,412	\$469,290	-9.6%
Subordinated Debt	\$35,000	\$47,600	-26.5%
Other Borrowed Money	\$1,290,167	\$1,370,977	-5.9%
Other Liabilities	\$174,332	\$152,769	14.1%
Total Liabilities	\$ 22,318,103	\$20,880,672	6.9%
EQUITY CAPITAL			
Perpetual Preferred Stock	\$13,107	\$6,581	99.2%
Common Stock	\$204,109	\$221,212	-7.7%
Surplus	\$1,487,608	\$1,370,543	8.5%
Undivided Profits and Capital Reserves	\$855,746	\$713,363	20.0%
Total Equity Capital	\$2,560,570	\$2,311,699	10.8%
Total Liabilities and Equity	\$24,878,673	\$23,192,371	7.3%

Ratios from Consolidated Statements of Financial Condition – All State-Chartered Banks
For Fiscal Years 2010 — 2012

Period Ending June 30th	FY 2012	FY 2011	FY 2010
Return on Assets	0.59%	0.36%	0.19%
Net Interest Margin	3.73%	3.74%	3.64%
Total Loan to Total Deposits	83.92%	84.73%	86.42%
Total Loan to Core Deposits	92.93%	95.13%	112.97%
Total Loans to Total Assets	68.79%	68.83%	69.62%
ALLL to Total Loans	1.63%	1.89%	2.03%
Noncurrent Lns to Total Lns	2.83%	3.38%	4.17%
Tier 1 Leverage Capital	9.45%	9.00%	8.72%
Tier 1 Risk-Based Capital	12.31%	11.83%	11.31%
Total Risk-Based Capital	13.69%	13.31%	12.79%

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

Year	Total Assets	Total Loans	Securities	Total Deposits	Total Capital
2012	\$24,878,673	\$17,398,087	\$4,128,600	\$20,394,192	\$2,560,570
2011	\$23,192,371	\$15,962,889	\$3,662,011	\$18,840,036	\$2,311,699
2010	\$23,223,680	\$16,168,963	\$3,372,087	\$18,710,253	\$2,257,096
2009	\$21,792,246	\$16,059,416	\$3,200,633	\$17,135,262	\$2,113,330
2008	\$29,381,521	\$21,881,597	\$4,415,664	\$21,813,397	\$2,728,926
2007	\$42,139,079	\$29,403,517	\$7,216,069	\$30,421,947	\$4,469,387
2006	\$39,619,518	\$27,115,636	\$7,627,391	\$29,262,128	\$4,147,295

Trust Assets Reported by State-Chartered Trust Companies
Fiscal Year Ended June 30, 2011
(in thousands)

Full Service Trust Companies	Managed	Non-Managed	Custodial	Total
First United Bank & Trust	\$515,235	\$68,484	\$2,696	\$586,415
Sandy Spring Bank	\$752,399	\$63,684	\$49,767	\$865,850
Total Assets - Full Service	\$1,267,634	\$132,168	\$52,463	\$1,452,265

Full Service Trust Companies	Managed	Non-Managed	Custodial	Total
Brown Investment Advisory and Trust Co.	\$5,073,442	\$200,299	\$0	\$5,273,741
Chevy Chase Trust Company	\$3,270,233	\$9,497,151	\$2,835,161	\$15,602,545
NewTower Trust Company	\$6,969,456	\$0	\$0	\$6,969,456
Old Mutual Asset Management Trust Co.	\$3,771,012	\$1,027,590	\$0	\$4,798,602
Securities Finance Trust Company	\$11,077,578	\$18,468	\$0	\$11,096,046
T. Rowe Price Trust Company	\$31,726,033	\$139,315,207	\$0	\$171,041,240
Total Assets - Non-Depository	\$61,887,754	\$150,058,715	\$2,835,161	\$214,781,630
Grand Total - Full Service & Non-Dep.	\$63,155,388	\$150,190,883	\$2,887,624	\$216,233,895

Consolidated Statement of Financial Condition – State-Chartered Credit Unions
Comparative Figures for Fiscal Year Ending June 30th
(in thousands)

ASSETS	FY 2012	FY 2011	% Change
Cash & Balances Due From Depository Institutions	\$182,701	\$177,218	3.1%
Investments & Securities	\$1,484,848	\$1,425,309	4.2%
Total Loans	\$2,773,683	\$2,522,571	10.0%
Allowance for Loan and Lease Losses (ALLL)	(\$37,625)	(\$38,970)	-3.5%
Premises and Fixed Assets	\$60,837	\$61,151	-0.5%
Other Assets	\$138,197	\$113,751	21.5%
Total Assets	\$4,602,641	\$4,261,030	8.0%

LIABILITIES	FY 2012	FY 2011	% Change
Members' Shares and Deposits	\$4,001,697	\$3,655,934	9.5%
Borrowed Money	\$83,417	\$101,933	-18.2%
Other Liabilities	\$46,458	\$64,363	-27.8%
Total Liabilities	\$4,131,572	\$3,822,230	8.1%
Total Equity/Net Worth	\$471,069	\$438,800	7.4%
Total Liabilities and Equity	\$4,602,641	\$4,261,030	8.0%

Additional Information as of June 30th	FY 2012	FY 2011
Net Worth to Total Assets	10.23%	10.30%
Net Worth to Members' Shares & Deposits	11.77%	12.00%
Total Loans to Total Assets	60.26%	59.20%
Total Loans to Members' Shares & Deposits	69.31%	69.00%
ALLL to Total Loans	1.36%	1.54%
Return on Assets (annualized)	0.79%	0.59%

Selected Balance Sheet Items – State-Chartered Credit Unions
As of June 30, 2012
(in thousands)

	Total Assets	Total Loans	Shares & Deposits	Total Capital
ASI Private Share Insurance				
Fort Meade Community Credit Union	\$36,325	\$11,660	\$33,248	\$2,622
Post Office Credit Union of MD, Inc.	\$33,824	\$2,436	\$24,700	\$9,110
US Coast Guard Community Credit Union	\$33,071	\$15,551	\$31,040	\$2,032
National Credit Union Share Insurance				
Central Credit Union of MD, Inc.	\$21,482	\$10,342	\$18,492	\$2,941
Destinations Credit Union	\$57,664	\$31,367	\$48,979	\$7,777
Members First Credit Union	\$34,672	\$8,102	\$30,572	\$4,057
Municipal Employees Credit Union	\$1,199,577	\$655,147	\$974,700	\$127,134
Point Breeze Credit Union	\$729,739	\$268,435	\$640,418	\$81,511
State Employees Credit Union of MD	\$2,456,287	\$1,770,642	\$2,199,548	\$233,886
Total – All State Credit Unions	\$4,602,641	\$2,773,682	\$4,001,697	\$471,070

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

Year	Total Assets	Total Loans	Shares & Deposits	Total Capital
2012	\$4,602,641	\$2,773,682	\$4,001,697	\$471,070
2011	\$4,261,030	\$2,522,571	\$3,655,934	\$438,800
2010	\$4,107,886	\$2,452,504	\$3,551,370	\$424,494
2009	\$3,867,974	\$2,420,744	\$3,356,352	\$415,266
2008	\$3,512,890	\$2,362,006	\$3,043,152	\$419,221
2007	\$3,302,841	\$2,245,600	\$2,837,274	\$403,824
2006	\$3,112,221	\$2,063,541	\$2,659,307	\$371,057
2005	\$2,996,701	\$1,813,530	\$2,639,925	\$338,253
2004	\$2,964,498	\$1,640,845	\$2,648,385	\$299,229

DEPOSITORY CORPORATE ACTIVITIES

Corporate Applications Annual Overview

Marcia A. Ryan, Assistant Commissioner

Applications were received throughout the year from banks, trust companies, and credit unions seeking approval to implement various corporate changes or expansion in its business activities. The overall number of corporate applications submitted this year showed a modest increase over the prior fiscal year. Applications handled by the Corporate Activities group included: two bank charter conversions; one mutual savings bank to commercial stock bank charter conversion; five bank mergers/acquisitions; four credit union mergers; two credit union service organizations; one credit union charter field of membership conversion; seven bank affiliates; eight wild card proposals; and six new branches. The Office also approved seven representative office permits to out-of-state banks; approved three out-of-state banks to act as escrow depositories for the benefit the Maryland Affordable Housing Trust; and acted on a wide range of other corporate applications.

The Office continues to see significant interest in the Maryland banking charter.

- Midstate Community Bank - The Office was pleased to welcome Midstate Community Bank into the State banking system. The Bank converted from a federal thrift (formerly Midstate Federal Savings and Loan Association) to a Maryland mutual savings bank charter, with assets of more than \$180 million at the time of conversion. Impressively, Midstate has been operating continuously in the Baltimore area since 1884. The Bank's application was approved in March 2012, and the charter conversion became effective in June.
- Liberty Bank of Maryland – The Office was also pleased to welcome Liberty Bank of Maryland into the State banking system. The Bank, another long-established Maryland financial institution, has been serving customers in the Baltimore area since 1885. Liberty Bank, with more than \$46 million in assets, converted its federal thrift charter (formerly Liberty Federal Savings and Loan Association) to a Maryland mutual savings bank charter on June 8, 2012.

Looking ahead to fiscal year 2013, we will continue to work with a number of other national/federal banks and credit unions that have begun the process of exploring conversions to Maryland charters. These conversions reflect, at least in part, recognition of the Office's commitment to maintaining a vibrant and healthy state chartered banking system.

Every five years, the Banking Unit must undergo a rigorous review and examination conducted by the Conference of State Bank Supervisors. The Banking Unit was first accredited in July 1992, and was re-accredited in July 1997, March 2003, and February 2008. On June 28, 2012, the Office received written notification from CSBS on its re-accreditation.

Activity on Selected Applications Fiscal Year Ended June 30, 2012

CONVERSIONS to STATE CHARTERS

Institution Name	Main Office	Former Name	Approval
<i>MIDSTATE COMMUNITY BANK</i> Converted from a federal mutual savings bank to a state-chartered mutual savings bank	Baltimore, MD	Midstate Federal Savings and Loan Association	02/07/12
<i>LIBERTY BANK OF MARYLAND</i> Converted from a federal mutual savings bank to a state-chartered mutual savings bank	Baltimore, MD	Liberty Federal Savings and Loan Association	05/14/12

MUTUAL to STOCK CHARTER CONVERSIONS

Institution Name	Main Office	Approval
<i>CARROLL COMMUNITY BANK</i> Converted from a state-chartered mutual savings bank to a state-chartered commercial bank authorized to issue stock	Sykesville, MD	08/12/11

CREDIT UNION FIELD of MEMBERSHIP CHARTER CONVERSION

Institution Name	Main Office	Approval
<i>MUNICIPAL EMPLOYEES CREDIT UNION (MECU)</i> Request to convert from a multiple common bond field of membership to a community field membership	Baltimore, MD	Denied

MERGERS and ACQUISITIONS

Surviving Institution Main Location	Merged/Acquired Institution Main Location	Approval
<i>DESTINATIONS CREDIT UNION</i> Baltimore, MD	United Maryland Employees Federal CU Owings Mills, MD	10/07/11
<i>POINT BREEZE CREDIT UNION</i> Hunt Valley, MD	Baltimore Pipe Trades Federal Credit Union Baltimore, MD	11/14/11
<i>EAGLE BANCORP, INC.</i> Bethesda, MD	Alliance Bankshares Corporation Chantilly, VA	11/17/11
<i>EAGLEBANK</i> Bethesda, MD	Alliance Bank Chantilly, VA	11/17/11

Surviving Institution Main Location	Merged/Acquired Institution Main Location	Approval
<i>SANDY SPRING BANCORP, INC.</i> Olney, MD	CommerceFirst Bancorp, Inc. Annapolis, MD	03/16/12
<i>SANDY SPRING BANK</i> Olney, MD	CommerceFirst Bank Annapolis, MD	03/16/12
<i>STATE EMPLOYEES CREDIT UNION</i> Linthicum, MD	Anne Arundel County Employees Federal CU Annapolis, MD	03/23/11
<i>MUNICIPAL EMPLOYEES CREDIT UNION</i> Baltimore, MD	Mercy Health Services Employees Federal CU Baltimore, MD	Pending

BANK AFFILIATES and CREDIT UNION SERVICE ORGANIZATIONS

Institution Name Main Location	Affiliate/CUSO	Approval
<i>EAGLEBANK</i> Bethesda, MD	Alliance Virginia Capital Trust	11/17/11
<i>CONGRESSIONAL BANK</i> Bethesda, MD	LALLO, Inc.	11/25/11
<i>STATE EMPLOYEES CREDIT UNION</i> Linthicum, MD	Shared Services Solutions, LLC (Part 1)	12/09/11
<i>STATE EMPLOYEES CREDIT UNION</i> Linthicum, MD	Shared Services Solutions, LLC (Part 2)	Pending

MISCELLANEOUS

Institution Name	Application	Approval
<i>DESTINATIONS CREDIT UNION</i> Baltimore, MD	To engage in debt protection program	11/17/11
<i>OLD LINE BANK</i> Bowie, MD	Request to pay dividend	08/23/11
<i>CONGRESSIONAL BANK</i> Bethesda, MD	Change in control	09/13/11
<i>COMERICA BANK</i> Dallas, TX	To act as escrow depository for certain real estate transactions for the benefit of the Maryland Affordable Housing Trust	01/12/12
<i>OLD LINE BANK</i> Bowie, MD	Request to pay dividend	01/17/12
<i>DAMASCUS BANK</i> Damascus, MD	To act as a finder for insurance products and services offered by an unaffiliated insurance company	01/30/12

Institution Name	Application	Approval
<i>COUNTY FIRST BANK</i> La Plata, MD	Request to repurchase stock	02/28/12
<i>OLD LINE BANK</i> Bowie, MD	Request to pay dividend	02/29/12
<i>FARMERS AND MERCHANTS BANK</i> Upperco, MD	Request for approval of two stock repurchases	03/01/12
<i>FARMERS AND MERCHANTS BANK</i> Upperco, MD	Request to establish new stock repurchase program for future repurchases	03/01/12
<i>NEWTOWER TRUST COMPANY</i> Bethesda, MD	Articles of amendment	03/07/12
<i>MONARCH BANK</i> Chesapeake, VA	To act as escrow depository for certain real estate transactions for the benefit of the Maryland Affordable Housing Trust	03/24/12
<i>MUNICIPAL EMPLOYEES CREDIT UNION</i> Baltimore, MD	To exercise all powers available to federal credit unions with low-income designation	04/25/12
<i>CFG COMMUNITY BANK</i> Baltimore, MD	To establish a third-party courier service	Pending
<i>SONABANK</i> McLean, VA	To act as escrow depository for certain real estate transactions for the benefit of the Maryland Affordable Housing Trust	Pending

BRANCH OPENINGS & CLOSINGS -- STATE BANKS

Institution Name	Main Office	Opened	Closed
BankAnnapolis	Annapolis, MD	1	0
CFG Community Bank	Baltimore, MD	1	1
Columbia Bank, The	Columbia, MD	1	2
Damascus Community Bank	Damascus, MD	0	1
EagleBank	Bethesda, MD	2	0
Easton Bank & Trust	Easton, MD	0	1
First Mariner Bank	Baltimore, MD	0	1
Sandy Spring Bank	Olney, MD	1	0
Total Branches		6	6

STATE-CHARTERED COMMERCIAL BANKS and SAVINGS BANKS
Location, Assets, and CRA Ratings
As of June 30, 2012

Bank Name	Principal Location	Total Assets (in thousands)	No. of Branches	CRA Rating
Baltimore County Savings Bank	Baltimore	\$640,602	17	Satisfactory
Bank of Glen Burnie, The	Glen Burnie	\$378,992	8	Satisfactory
Bank of Ocean City	Ocean City	\$209,304	6	Satisfactory
BankAnnapolis	Annapolis	\$437,422	7	Satisfactory
Blue Ridge Bank	Frederick	\$165,519	2	Satisfactory
Calvin B. Taylor Banking Company	Berlin	\$433,631	10	Satisfactory
Carroll Community Bank	Sykesville	\$98,485	2	Outstanding
Carrollton Bank	Baltimore	\$359,739	10	Satisfactory
Cecil Bank	Elkton	\$458,963	11	Satisfactory
CFG Community Bank	Baltimore	\$468,808	3	Satisfactory
Chesapeake Bank and Trust Company	Chestertown	\$85,403	2	Satisfactory
CNB	Centreville	\$451,864	11	Satisfactory
Columbia Bank, The	Columbia	\$2,016,401	39	Satisfactory
Community Bank of Tri-County	Waldorf	\$972,383	11	Satisfactory
Congressional Bank	Bethesda	\$332,566	4	Satisfactory
County First Bank	LaPlata	\$195,669	6	Satisfactory
Damascus Community Bank	Damascus	\$253,593	5	Satisfactory
EagleBank	Bethesda	\$2,952,334	16	Satisfactory
Easton Bank & Trust Company	Easton	\$153,415	5	Satisfactory
Farmers and Merchants Bank	Upperco	\$274,280	6	Satisfactory
Farmers Bank of Willards, The	Willards	\$330,677	8	Satisfactory
First Mariner Bank	Baltimore	\$1,221,187	21	Satisfactory
First United Bank and Trust	Oakland	\$1,342,977	28	Satisfactory
Frederick County Bank	Frederick	\$309,778	5	Satisfactory
Glen Burnie Mutual Savings Bank, The	Glen Burnie	\$76,353	0	Satisfactory
Harbor Bank of Maryland, The	Baltimore	\$253,594	7	Outstanding
Harford Bank	Aberdeen	\$289,722	8	Satisfactory
Hebron Savings Bank	Hebron	\$504,765	11	Satisfactory
Howard Bank	Ellicott City	\$356,082	5	Satisfactory
Liberty Bank of Maryland	Baltimore	\$45,518	2	Satisfactory
Maryland Financial Bank	Towson	\$71,617	0	N/A
Middletown Valley Bank	Middletown	\$151,273	5	Satisfactory
Midstate Community Bank	Baltimore	\$189,958	0	Satisfactory
Monument Bank	Bethesda	\$392,132	2	Satisfactory
NBRS Financial	Rising Sun	\$232,365	8	Satisfactory
New Windsor State Bank	Taneytown	\$272,021	6	Satisfactory
Old Line Bank	Bowie	\$839,245	19	Satisfactory
Patapsco Bank, The	Baltimore	\$254,487	5	Satisfactory
Peoples Bank, The	Chestertown	\$250,254	7	Outstanding
Provident State Bank, Inc.	Preston	\$289,936	9	Satisfactory
Queenstown Bank of Maryland, The	Queenstown	\$451,574	8	Satisfactory

Bank Name	Principal Location	Total Assets (in thousands)	No. of Branches	CRA Rating
Regal Bank and Trust	Owings Mills	\$174,336	4	Satisfactory
Revere Bank	Laurel	\$340,928	3	Satisfactory
Saint Casimirs Savings Bank	Baltimore	\$104,145	4	Needs Improvement
Sandy Spring Bank	Olney	\$3,852,600	49	Satisfactory
Talbot Bank, The	Easton	\$709,114	7	Satisfactory
Woodsboro Bank	Woodsboro	\$232,662	7	Satisfactory
Total		\$24,878,673	419	

STATE-CHARTERED CREDIT UNIONS

Assets & Field of Membership Type As of June 30, 2012

Credit Union Name	Principal Location	Total Assets (in thousands)	No. of Branches	Field of Membership Type
Central Credit Union of Maryland	Towson	\$21,482	1	Multiple Common Bond
Destinations Credit Union	Parkville	\$57,664	1	Multiple Common Bond
Fort Meade Community Credit Union	Fort Meade	\$36,325	2	Community Common Bond
Members First Credit Union	Baltimore	\$34,672	1	Multiple Common Bond
Municipal Employees Credit Union	Baltimore	\$1,199,577	8	Multiple Common Bond
Point Breeze Credit Union	Hunt Valley	\$729,739	3	Multiple Common Bond
Post Office Credit Union of MD	Baltimore	\$33,824	1	Single Common Bond
State Employees Credit Union of MD	Linthicum	\$2,456,287	19	Multiple Common Bond
U.S. Coast Guard Community Credit Union	Pasadena	\$33,071	2	Community Common Bond
Total		\$4,602,641	38	

STATE-CHARTERED NON-DEPOSITORY TRUST COMPANIES

Location and Business Type As of June 30, 2012

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

OTHER FINANCIAL INSTITUTIONS OPERATING IN MARYLAND

As of June 30, 2012

NATIONAL BANKS

National Bank Name	Principal Location	Branches in Maryland	Total Assets (in thousands)
Asia Bank, N.A.	Flushing, NY	1	\$465,615
Bank of America, N.A.	Charlotte, NC	185	\$1,445,093,157
BOFK, N.A.	Tulsa, OK	1	\$25,415,055
Capital Bank, N.A.	Rockville, MD	2	\$413,943
Capital One Bank, N.A.	McLean, VA	126	\$158,240,417
Citibank, N.A.	Sioux Falls, SD	16	\$1,347,841,000
HSBC Bank USA, N.A.	McLean, VA	3	\$193,995,328
Legg Mason Invest. Counsel & Trust	Baltimore, MD	1	\$68,485
National Penn Bank	Boyertown, PA	1	\$8,360,008
PNC Bank, N.A.	Wilmington, DE	231	\$291,824,058
Soverign Bank, N.A.	Wilmington, DE	10	\$80,394,971
TD Bank, N.A.	Wilmington, DE	15	\$195,942,864
The National Bank of Cambridge	Cambridge, MD	3	\$213,124
Wells Fargo, N.A.	Sioux Falls, SD	83	\$1,180,190,000
Wilmington Trust, N.A.	Wilmington, DE	1	\$2,221,476
Woodforest National Bank	Houston, TX	11	\$3,612,992
Total		690	\$4,934,292,493

FEDERAL SAVINGS BANKS

Federal Savings Banks / Thrifts	Principal Location	Branches in Maryland	Total Assets (in thousands)
Advance Bank	Baltimore, MD	3	\$63,030
American Bank	Rockville, MD	3	\$456,810
Arundel Federal Savings Bank, FSB	Glen Burnie, MD	7	\$485,621
Bay Bank, FSB	Lutherville, MD	2	\$126,320
Bay-Vanguard Federal Savings Bank	Baltimore, MD	5	\$148,433
Chesapeake Bank of Maryland	Parkville, MD	5	\$196,598
Colombo Bank	Rockville, MD	3	\$155,949
Community First Bank	Pikesville, MD	1	\$24,916
Eastern Savings Bank, FSB	Hunt Valley, MD	5	\$550,996
Fairmount Bank	Baltimore, MD	2	\$79,329
First Shore Federal Savings & Loan Assoc.	Salisbury, MD	7	\$313,351
Fraternity Federal Savings & Loan Assoc.	Baltimore, MD	4	\$174,828
Hamilton Federal Bank	Baltimore, MD	5	\$315,752
Homewood Federal Savings Bank	Baltimore, MD	1	\$73,986
Hopkins Federal Savings Bank	Baltimore, MD	2	\$335,780
Hull Federal Savings Bank	Baltimore, MD	1	\$25,277
Independence Federal Savings Bank	Washington, DC	1	\$82,918
Jarrettsville Federal Savings & Loan Assoc.	Jarrettsville, MD	1	\$106,399
Kopernik Federal Bank	Baltimore, MD	1	\$42,613
Kosciuzsko Federal Savings Bank	Baltimore, MD	1	\$13,008
Madison Bank of Maryland	Forest Hill, MD	5	\$153,226
Madison Square Federal Savings Bank	Baltimore, MD	4	\$156,961
Midstate Federal Savings & Loan Assoc.	Baltimore, MD	1	\$174
North Arundel Savings Bank, FSB	Pasadena, MD	1	\$39,412
Northwest Savings Bank	Warren, PA	4	\$8,054,102
OBA Bank	Germantown, MD	6	\$392,090
Presidential Bank, FSB	Bethesda, MD	2	\$527,468
Prince George's Federal Savings Bank	Upper Marlboro, MD	4	\$102,451
Rosedale Federal Savings & Loan Assoc.	Baltimore, MD	9	\$810,109
Severn Savings Bank, FSB	Annapolis, MD	4	\$891,475
Slavie Federal Savings Bank	Bel Air, MD	2	\$177,378
T. Rowe Price Savings Bank	Baltimore, MD	1	\$193,904

Federal Savings Banks / Thrifts	Principal Location	Branches in Maryland	Total Assets (in thousands)
The Washington Savings Bank, FSB	Bowie, MD	5	\$372,841
Vigilant Federal Savings Bank	Baltimore, MD	1	\$56,963
Woodforest National Bank	Houston, TX	11	\$3,612,992
Total		120	\$19,313,460

OTHER-STATE-CHARTERED BANKS

Banks Chartered by Other States	Principal Location	Branches in Maryland	Total Assets (in thousands)
Bank of Georgetown	Washington, DC	1	\$721,688
BB&T	Winston-Salem, NC	128	\$173,678,238
BealBank, SSB	Plano, TX	1	\$3,568,540
Cardinal Bank	McLean, VA	1	\$2,705,284
Clear Mountain Bank	Bruceton Mills, WV	1	\$450,277
Essex Bank	Tappahannock, VA	7	\$1,114,434
First-Citizens Bank & Trust Company	Raleigh, NC	1	\$20,889,321
Industrial Bank	Washington, DC	2	\$350,762
Jefferson Security Bank	Shepherdstown, WV	1	\$283,458
John Marshall Bank	Falls Church, VA	1	\$484,594
M&T Bank	Buffalo, NY	203	\$79,846,314
Miners & Merchants Bank	Thomas, WV	1	\$53,021
Northwest Savings Bank	Warren, PA	5	\$8,113,950
Orrstown Bank	Shippensburg, PA	1	\$1,327,699
PeoplesBank	Glen Rock, PA	3	\$1,041,866
Premier Bank, Inc.	Huntington, WV	1	\$751,013
Shore Bank	Onley, VA	3	\$307,111
SonaBank	McLean, VA	6	\$711,715
Standard Bank, PaSB	Murrysville, PA	2	\$436,579
SunTrust Bank	Atlanta, GA	134	\$172,028,459
Susquehanna Bank	Lititz, PA	44	\$17,937,233
The Bank of Delmarva	Seaford, DE	6	\$424,218
United Bank	Fairfax, VA	8	\$3,665,544

Banks Chartered by Other States	Principal Location	Branches in Maryland	Total Assets (in thousands)
United Bank, Inc.	Parkersburg, WV	2	\$4,852,261
WashingtonFirst Bank	Reston, VA	3	\$571,092
Woori America Bank	New York, NY	1	\$980,385
Total		567	\$497,295,056

FORECLOSURE MEDIATION AND OUTREACH

Annual Overview

Cara Stretch, Director of Foreclosure Outreach

Pursuant to legislation passed in 2010, the Office added a Director of Foreclosure Outreach (“Director”). The Director is responsible for implementing and coordinating the Office’s constantly expanding role in response to the current foreclosure crisis. Since the inception of the position in 2011, the Director has represented the Office at federal, state, local and other foreclosure events, and served on interagency teams on topics related to foreclosure, including loss mitigation and mediation. The Director works particularly closely with foreclosure prevention housing counselors across the State and with the Department of Housing and Community Development (“DHCD”)

The Director oversees the Office’s Notice of Intent to Foreclose (“NOI”) Project. Pursuant to changes in Maryland’s foreclosure laws passed in April 2008, secured parties pursuing foreclosure must send an NOI to the borrower 45 days prior to docketing a foreclosure. The secured party must also furnish a copy of the document to the Commissioner. The Office processes the NOI data and responds with targeted outreach to borrowers, including information about obtaining free assistance and avoiding scams. Initially, the NOIs were received largely in paper form – by the thousands – and through an inefficient and crude electronic process accessible by only the largest servicers. In fiscal year 2011, the Office implemented an electronic portal which is accessible by all entities to process NOI submissions electronically and eliminated all paper. The new system is more efficient for all parties, captures significantly more data and allows for faster dissemination of outreach materials. During fiscal year 2012, the Office received approximately 178,000 NOIs and responded with an outreach packet for each homeowner. After the \$25 billion National Mortgage Servicing Settlement was announced in March of 2012, the Office was able to separate the data for the five largest servicers and send targeted outreach to homeowners with mortgage serviced by those servicers.

Partnerships have been established between the Office and government agencies in Prince George’s County, Baltimore County, Cecil County and the Baltimore Homeownership Preservation Coalition to utilize the NOI data to enhance local outreach efforts. The Office also established a relationship with the Urban Institute, a non-profit organization which evaluates data in an effort to support social policy efforts. The Urban Institute works closely with counseling agencies in the District of Columbia’s suburbs and has created mapping features which will help agencies target their outreach.

The Office is also working to enhance the effectiveness of Maryland’s foreclosure mediation program. In the fall of 2011 The Maryland Foreclosure Task Force recommended legislation that would allow mortgage servicers to offer mediation before a foreclosure is filed. The Director participated in the drafting of the regulations and helped update the forms received by homeowners during the foreclosure process. The intention was to make the process as transparent and user friendly as possible and to encourage homeowners to contact the Maryland Hope Hotline. The Task Force also recommended legislation that would create a Foreclosed Property Registry which would allow government officials to better locate parties responsible for the condition of foreclosed properties during the “limbo period” between a foreclosure auction and the ultimate recordation of the property deed. The Registry would provide a simple central resource by which State and local governments have timely access to contact information for reaching the purchasers of foreclosed properties after a property auction which would gather data regarding foreclosed properties as soon as they are sold at auction or acquired by the bank. The Office was responsible for developing and implementing this legislation which was passed during the General Assembly in 2012. The Director worked with the Office of Information Technology to implement the registry as of October 1, 2012.

The Office’s outreach materials have been updated to incorporate mediation information. The Director works cooperatively with a network of housing counselors and other parties in this effort including DHCD, Maryland

Housing Counselors Network, the Coalition for Homeownership Preservation in Prince George’s County, the Baltimore Homeownership Preservation Coalition, and the Capital Area Foreclosure Network. The Office has partnered with all of these agencies in supporting counseling by participating in training events and providing materials. The Office partnered with DHCD to host a mediation focus group which brought counselors together to discuss the mediation program. DHCD and the Office have also partnered to establish goals for improving the mediation program for fiscal year 2012. These goals included, increasing opt-in rates, promoting homeowner preparedness for their mediation session and reducing contingent resolutions. These goals resulted in collaborative effort to implement a mediation portal which was launched with the Hope Loan Portal and GMAC as a pilot. The portal was developed to help coordinate the exchange of documents for the mediation session which is an essential step for a successful mediation session.

In an effort to assist consumer inquiries related to foreclosure, the Office partnered with Bank of America, Wells Fargo, JP Morgan Chase and national banks otherwise outside the Commissioner’s jurisdiction to establish an escalation process for consumers seeking assistance. In partnership with the Consumer Services Unit, the Director established a process to escalate cases to the appropriate servicer when necessary. The Director has worked with more than 50 homeowners seeking assistance or guidance because they were at risk of or facing foreclosure and provided those homeowners with assistance ranging from brief advice to loan modification.

The Director created a page within the DLLR website dedicated to foreclosure prevention. This page is updated regularly as new legislation and resources become available to Maryland consumers. A brochure titled, “Your Rights and Protections under Maryland’s New Foreclosure Laws” was updated and distributed to the Department of Housing and Community Development (“DHCD”), counseling agencies, legislators and directly to consumers at outreach events. The brochure is included in the NOI outreach letter as well. Since November of 2010, the Director has attended more than 200 outreach events hosted by elected officials, servicers, local governments and non-profits. At the events, consumers can obtain information about foreclosure prevention, unemployment, workforce development and scam prevention.

Likewise, following up on recommendations of Maryland’s Task Force on Financial Literacy, the Office has partnered with the Enoch Pratt Library to create a financial literacy clearinghouse. The clearinghouse will provide consumers with resources available nationally and statewide which increase financial literacy. The clearinghouse was launched in January 2012. The Director managed this new initiative.

<i>Fiscal Year</i>	<i>Notices of Intent to Foreclose Received by the Office</i>
2008*	10,987
2009	140,531
2010	161,632
2011	154,867
2012	178,518

* Data collected in the last quarter of fiscal year 2008, May 2008 through June 2008

ENFORCEMENT & CONSUMER SERVICES

Annual Overview

Cynthia H. Jones, Assistant Commissioner

Consumer Services Unit

The Consumer Services Unit is responsible for examining consumer complaints involving financial institutions. The Consumer Services Unit continues to investigate consumer inquiries and respond to complaints involving licensed and unlicensed financial services institutions conducting business in Maryland. During fiscal year 2012, complaints typically involved the mortgage industry, collection agencies, credit bureaus and pay day lenders as well as a multitude of other financial services businesses. The trend overall was in the category of collection agency complaints where there was a 40% increase in the number of complaints from fiscal year 2011. Additionally, payday lending complaints became more common and the unit began segregating this new category in fiscal year 2012. The Unit continues to take a lot of pride in providing one-on-one customer service to consumers filing complaints assisting consumers with 2,378 complaints in fiscal year 2012; a slight increase from fiscal year 2011.

The following provides a representative sample of the work of the Consumer Services Unit:

- A licensee pursued a consumer for non-payment of a third party debt and requested payment immediately without validation of the debt. A thorough investigation was conducted and it was determined that the licensee was unable to validate the debt; therefore, the consumer was not obligated to pay the balance of \$9,111. The deficiency balance was deleted from the consumer's credit report.
- A consumer contacted the Unit for assistance with a loan modification. Prior to the investigation, the consumer experienced difficulty with obtaining assistance for this problem. Due to the Unit's involvement with the case, the consumer's interest rate was reduced along with the principal balance, which resulted in an overall cost savings of \$100k.
- A consumer contacted the Unit for assistance with a loan modification due to her decline in health. Initially the consumer had an adjustable interest rate and was contractually due for January 2008. Due to the Unit's involvement with the case, the consumer's loan was permanently modified to a fixed interest rate. The consumer is saving approximately \$400 a month.

In addition, the Consumer Services Unit continues its collaboration with state and federal agencies to address issues that affect Maryland consumers. For example, this year the Unit partnered with the Office of the Comptroller of the Currency, through a Memorandum of Understanding, to facilitate the transfer of consumer complaints through the use of the Complaint Referral Express Program ("CRE"); a fully encrypted web based government application system. Through the use of CRE, the Unit has been able to seamlessly expedite consumer complaints that fall outside of the jurisdiction of the Office.

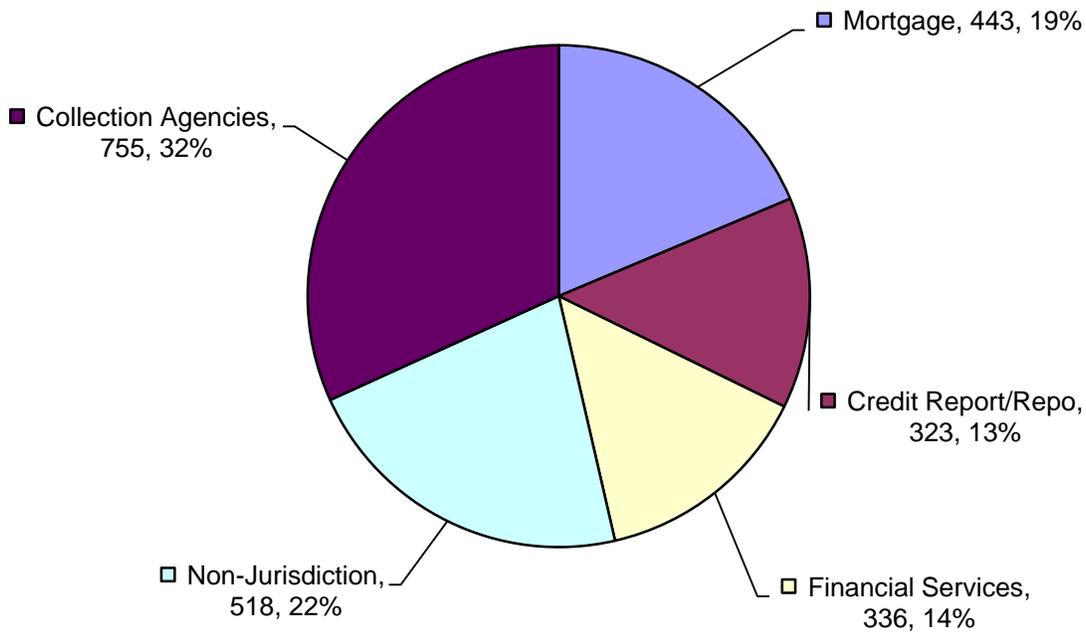
The Consumer Services Unit will continue to identify trends and work within and outside of the Office to close gaps in the law in the industries that are adversely impacting Maryland consumers.

Enforcement Unit

The Enforcement Unit is responsible for investigating allegations of regulatory violations or violations of criminal statutes. The Enforcement Unit continues to provide investigative support to units throughout the

Office by conducting independent investigations of alleged regulatory violations or violations of criminal statutes that govern entities within the jurisdiction of the Commissioner. The complexity in scheme as well as the number of Marylanders involved in complex mortgage fraud investigations increased during fiscal year 2012. The Enforcement Unit further witnessed a significant increase in the number of investigations involving payday lending complaints. Investigators continue to participate in financial fraud and public outreach events on scam awareness and avoidance across Maryland.

Case Load Fiscal 2012



Overall, the largest single area of investigation remains to be scams involving loan modifications and foreclosure avoidance. As a result of the current economic downturn, there has been an increase in number of consumers having difficulty either meeting their mortgage obligations or e desire to reduce their interest rates. Third parties capitalizing on perceived consumer vulnerability frequently soliciting consumers with offers of “assistance” in obtaining a loan modification while charging consumers upfront fees for their services. In many cases, consumers are persuaded to stop making mortgage payments in order to increase their chances of obtaining a modification. In the meanwhile, many of these companies are simply collecting upfront fees without providing any promised services. Consumers may pay anywhere from \$1,000 to \$5,000 without receiving any benefit. Much worse, consumers find they have wasted critical time as well as money and often find themselves worse off than when they contracted with these scammers for assistance. Maryland implemented an aggressive response. Following advisories to consumers and the mortgage industry the Office took action based on investigations conducted by the Enforcement Unit. The Enforcement Unit investigated 79 loan modification complaints in FY 2012 resulting in 10 settlement agreements and 17 loan modification complaints being adjudicated. While several million dollars of restitution was ordered, many of the entities pursued are long out of business or assets no longer exist. In light of the difficulty of obtaining recovery, the Office continues to stress the importance of avoiding these scams at the outset. Outreach and other materials stress “DON’T PAY, WALK AWAY.”

The following is representative of the work of the Enforcement Unit:

- *In the Matter of First Universal Lending, LLC et al* - In one loan modification investigation a company was issued a final order for violations related to the taking of upfront fees for loan modifications involving 646 Maryland consumers. They were fined \$1,292,000 and ordered to pay restitution to the consumers in the amount of \$3,270,327.
- *In the Matter of Supreme Consulting, LLC* - In another investigation, a licensed Maryland Company took upfront fees from multiple Maryland Consumers but failed to obtain loan modifications for the consumers. They entered into a settlement agreement and agreed to pay refunds/restitution of \$37,730. The license was surrendered by the company.
- *In the Matter of the Law Offices of Diego Hellewell, LLC. Et al, Loan Modification Group, et al, Federal Loan Modification Law Center, et al and, Donald P. Mazor, Esquire* - Several settlement agreements were reached with these and other companies that took upfront fees from multiple consumers for loan modifications but failed to follow through on the agreements made with the consumers or refund any money when requested by the consumers. Penalties were assessed to these and other companies ranging from \$2,000 to \$9,000 and refunds/restitution was agreed upon in amounts ranging from \$13,980 to \$26,695.

It should be noted that investigations of payday lending and the associated collection activity are beginning to increase. Debt collection as a whole has seen an increase in activity especially those that result from civil court actions filed against consumers. The Maryland Court of Appeals, the state's highest court, adopted new rules that require "debt buyers" to provide more proof before obtaining affidavit judgments against consumers to recover alleged debts. The amendments, adopted September 2011, effective January 1, 2012, will apply only to actions commenced on or after this date. Illustrations of enforcement actions by the Office were used in testimony to the Rules Committee during its deliberations.

Maryland Mortgage Fraud Initiative

In fiscal year 2012, the Office applied for and received a Grant Adjustment Notice from the United States Department of Justice (DOJ) to continue funding the Maryland Mortgage Fraud Initiative. The Grant Adjustment was approved due to the delay in the implementation of the Initiative relative to the approval date by DOJ. The Initiative will conclude by the end of fiscal year 2013.

The Maryland Mortgage Fraud Initiative continues to be very successful in combating mortgage fraud in the State of Maryland in both the regulatory and criminal arenas. The goal of the project continues to be to reduce mortgage fraud and mortgage loan modification and foreclosure scams in Maryland. The Office is able to do so through the hard work of the employees who staff this project.

Litigation counsel continues in his role as the sole dedicated attorney for all cases involving mortgage fraud and mortgage loan modification and foreclosure scams on the regulatory side. This produced 35 Cease and Desist Orders for loan modifications, 10 settlements, and 17 Final Orders.

The Office has also made great strides in its effort to address the criminality often found in mortgage fraud and mortgage loan modification and foreclosure rescue scams. Under the aggressive leadership of our Director of Mortgage Fraud, a former assistant state's attorney in Baltimore City, the Office has assisted or initiated investigations alongside the State's Attorneys of the major jurisdictions in the state including but not limited to Baltimore City, Baltimore County, Carroll County, Montgomery County and Prince George's County. In its most successful case, following complaints to the Consumer Services Unit and investigative work by the Enforcement Team and the Baltimore County Police Department, the Director of Mortgage Fraud worked with Baltimore County's Chief of Economic Crimes to secure a 46-count charging document against Rodney

Getlan for offered fraudulent loan modification services from January 2009 through January 2011. Getlan's scheme included forging documents to support his claim that lenders of the homeowners had approved their loan modifications. Homeowners believed that their monthly payments were going to their lenders; however, the investigation revealed that Getlan deposited those payments into his own accounts. In December 2012, Mr. Getlan was sentenced to 35 years.

The Office continues to have a presence at outreach events that focus on consumer protection. The Office educates consumers and consumer advocates on changes in the law and continues to be instrumental in obtaining significant monetary/non-monetary recoveries for consumers. The Offices' goal is to continue to provide a proactive approach to educating and ensuring that financial transactions conducted by all parties (consumers and licensees) are done in compliance with state law.

NON-DEPOSITORY INSTITUTIONS

Mortgage Compliance Examinations Annual Overview

Richard G. Younger, Examiner Supervisor

The Mortgage Compliance Unit monitors the business activities of licensed mortgage lenders and mortgage loan originators in Maryland. Maryland Mortgage Lenders are licensed to conduct mortgage lending, mortgage brokering, and mortgage servicing of loans. Mortgage Loan Originators are licensed employees of the mortgage lender licensee, who have direct contact and interaction with consumers throughout the process. The Mortgage Compliance Unit is responsible for conducting compliance examinations of licensed mortgage lenders, whose range of services, coupled with the multitude of laws and regulations governing the extension of credit provide for complex analysis and review. In addition to Maryland law, 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 Act of 2008, and state foreclosure laws.

The Mortgage Compliance Unit has emerged as a leader in the area of servicer-examinations and has taken a key role in the multi-state efforts to examine foreclosure practices, including document preparation and oversight, in light of public concerns relating to defective affidavits filed in foreclosure proceedings known as “robo-signing”. This is the second year that the Compliance Unit continued to develop extensive examination procedures and guidelines for the examination of mortgage servicers, which are more specialized, far-reaching and time-consuming for the Examiners than the examinations of Mortgage Lenders and Brokers. This type of examination continues to benefit Maryland borrowers. Many servicers have faced large fines, penalties and consumer refunds during the past year, and more servicers are expected to face the same examination results in the coming year.

The Mortgage Compliance Unit has also taken a key role in multi-state examinations of mortgage lenders and mortgage brokers. In fiscal year 2012, the Mortgage Compliance Unit participated in the implementation of a Limited Scope Examination (also known as e-exams) under the auspices of the Conference of State Bank Supervisors and the Multi-State Mortgage Committee.

During fiscal year 2012, through the efforts of the examination staff, the Mortgage Compliance Unit has completed approximately 360 examinations of mortgage lender licensees, resulting in consumer refunds of over \$430,000 and the collection of fines and civil penalties of approximately \$1.4 million. Also as a result of the examinations, over \$65,000 in un-cashed refund checks were escheated to the Comptroller for the State of Maryland

The Office is required to examine new licensees within 18 month of licensure and at least once during any 36-month period thereafter. In FY2012, the Mortgage Compliance Unit has implemented a risk based examinations schedule in addition to the mandatory requirement. The risk based examination has enabled the compliance unit to place greater emphasis on those licensees who have demonstrated a lack of compliance during prior examinations, licensees that are the subject of consumer or industry complaints, or licensees who have been subjected to administrative or legal action by other regulatory bodies, along with other issues brought to the Commissioners’ attention.

The members of the Mortgage Compliance Unit continue to maintain their professional competence through training and awareness of legislative updates. In June 2012 all of the Non-Depository Examiners in the unit, were re-certified by the Conference of State Bank Supervisors (CSBS) as Certified Mortgage Examiners.

Recently, the Office of Legislative Audits conducted an examination of the Office, inclusive of the Mortgage Compliance Unit. Notably, for the first time, the Compliance Unit received a No Exception Audit. Most importantly, a prior backlog of examinations not completed on a timely basis was eliminated. This was

achieved through the teamwork, expertise, and professional quality of the members of the Mortgage Compliance Unit.

Non-Mortgage Compliance Unit Annual Overview

Sabrina Brown, Examiner Supervisor

The Office oversees non-depository institutions that provide credit and other financial services to Maryland consumers. These institutions include Money Transmitters, Debt Management Services, Debt Settlement Services, Check Cashers, Sales Finance companies, Credit Service Businesses and Installment Loan Companies. Many of the non-depository institutions regulated by the Commissioner offer diverse products to consumers through a number of products and services that are constantly evolving to keep up with consumer needs. The Maryland consumers reached by these non-depository institutions are those consumers who are either unbanked (people with no checking or savings account in a traditional bank or credit union) or under-served (people who have one account in a traditional bank or credit union).

Money Transmitters

The Money Transmitter industry transmits funds electronically, provides money orders, travelers' checks, bill payer services, bi-weekly mortgage payment services and prepaid stored value cards. As technology improves, money transmitters continue to find new and innovative ways to participate in the marketplace. These innovative ways include prepaid cards and online transmissions. As the prepaid card, industry explodes and evolves far beyond gift cards we see the emergence of products that range from accelerating tax returns cards and mobile payments. Prepaid cards continue to be a hot topic and trend as the market continues to have strong growth despite today's economic turmoil. This growth has been sustainable because of the diversity of the prepaid market. Products designed to sell into government disbursements, reloadable incentives, bank turnaround solutions, family budgeting tools, payroll, and serving the unbanked and under-served, and are all unique. The Internet has also seen an increase in companies that offer online funds transfers, bill payments and deposits or reloadable payments onto prepaid cards.

In an effort to stay up to date with the changing industry through examination, oversight and leveraging of resources through partnerships, examiners continue to participate in Money Transmitter Regulators Association joint examination committee where national licensees are strategically examined by a team of examiners from two to eight states. Money Transmitters are considered Money Service Business and are required to adhere to the federal Bank Secrecy Act (BSA) and Anti-Money Laundering regulations. As a result, Examiners continue to participate in programs with the Internal Revenue Services and Financial Crimes Enforcement Network aimed at consistency with the BSA in order to deter money laundering.

Debt Management

Debt Management Companies are licensed in Maryland and provide consumers access to payment plans that permit repaying debt over time with some accommodation from the creditor by enrolling in a debt management plan. With the assistance of a comprehensively trained credit counselor or certified credit counselor an agreement is entered into that provides full repayment over a thirty six month to sixty month time frame in exchange for concessions by the creditor. Debt Management Companies not only assist Maryland consumers in managing their debt through a tailored debt management plan to meet their financial needs but also provide financial education and additional resources to promote healthier financial decisions in the future.

Debt Settlement

The increased number of consumers with unsecured debt that they cannot repay has created elevated demand for debt relief services. The Maryland General Assembly passed and Governor O'Malley approved the (Senate Bill 741/House Bill 1022) Maryland Debt Settlement Services Act which went into effective October 1, 2011. The Maryland Debt Settlement Services Act was the result of the recommendations that were put forth by the industry study that was mandated by legislation adopted last year. It requires all providers of debt settlement services to register with the Commissioner.

Check Cashers

As the economy continues to tighten, consumers turn to non-deposit alternative financial services organizations for bank like products offered through Check Cashers. Check casher licensees provide check cashing services in addition to services provided as agents of licensed money transmitters. Services include but are not limited to prepaid debit cards, money orders, wire transfer services, and bill payment services. Check Cashers are also considered Money Service Business and are required to adhere to the federal Bank Secrecy Act (BSA) and Anti-Money Laundering regulations.

The Non-Depository Compliance Unit consistently works with other state regulators through the National Association of Consumer Credit Administrators, Money Transmitters Regulators Association and the Conference of State Bank Supervisors, credit counseling industry association as well as state and federal law enforcement and the Internal Revenue Services.

Licensing Unit Annual Overview

Keisha Whitehall Wolfe, Director

The Office licenses over 10,000 non-depository institutions and individuals engaging in financial services businesses. The licensees provide consumer credit such as mortgage loans, consumer loans, and retail sales financing in addition to serving as check cashers, collection agencies, debt management companies, mortgage loan originators and money transmitters.

The steep decline in licensee volumes experienced in past years, especially in the mortgage industry, reversed in fiscal year 2012 and the Office even witnessed an increase in licensees in 2012 versus 2011, the first such increase in several years. In particular, the Office saw increases in the number of mortgage licensees and collection agency licensees. This increase in collection agency licensees continues to be attributable not only to a weakened economic climate, but also to clarification by the Collection Agency Licensing Board regarding the need for licensure in the context of litigation related collections activity.

The Office continued to use NMLS in fiscal year 2012. Mandated to ensure compliance with federal law, the Office has used NMLS since 2009 for the Maryland mortgage licensing process. NMLS provides a common platform for all state regulators and mortgage market participants nationwide and is a secure web-based licensing system that allows companies to apply for, update, and renew their license authorities in one or more states conveniently and safely online.

Since the completion of the lengthy process of transitioning mortgage lenders and originators to the NMLS in fiscal year 2011, NMLS has been, and continues to be, enhanced to improve the efficiency and effectiveness of the licensing process for consumers and mortgage licensees alike. In fiscal year 2012, NMLS was enhanced to allow companies and individuals to upload documents, including supporting application documents and explanations to 'Yes' responses to disclosure questions, directly to the company and individual record. These documents, which once had to be mailed to the Office and stored in a separate location, can now be uploaded

to the record and maintained electronically. This enhancement allows for maintenance of the record in a single location and facilitates a more efficient processing of the application.

NMLS was modified to accommodate the licensing and/or registration of non-depository, financial services beyond the mortgage industry and due to the efficiencies realized in the mortgage industry, SB545 amended the laws governing money transmitters to permit the use of NMLS for the licensing of money transmitters. The Office expects to transition the licensing of money transmitters in Fiscal 2013.

Finally, the Office now has the ability to post state regulatory action information in NMLS and that information may be displayed for consumers on the NMLS Consumer Access website. Consumers researching entities with whom they intend to conduct business in the State are now able to see regulatory actions pertaining to companies and individuals, who have been identified as respondents in the regulatory action.

New Business Licensees and Total Current Business Licensees by Category Fiscal Years 2012 & 2011

License category	New licensees Fiscal yr 2012	New licensees Fiscal yr 2011	Total licensees fiscal yr 2012	Total licensees fiscal yr 2011
Affiliated Insurance Producer- Mortgage Loan Originator	20	14	45	38
Check Casher	31	43	482	492
Collection Agency	210	303	1,554	1,515
Consumer Loan	15	37	114	147
Credit Service Business	5	7	11	11
Debt Management	14	3	47	35
Debt Settlement Services	16	0	16	0
Installment Loan	17	36	129	120
Money Transmitter	10	9	87	79
Mortgage Lender	400	329	1,459	1,353
Mortgage Loan Originator	1,519	2,124	5,686	5,078
Registered Exempt Mtg. Lender	92	0	117	0
Sales Finance	103	137	541	515
<i>TOTAL</i>	2,452	3,042	10,288	9,383

Consolidated Written Consumer Complaint Analysis Fiscal Years Ended June 30

Complaint Category	2012	2011	2010	2009	2008
Collection Agency	754	530	563	590	589
Non-Maryland Institutions *	481	582	748	636	538
Mortgage	442	598	563	654	601
Credit Reporting Company	239	277	321	407	483
General Consumer	211	233	302	238	236
PayDay Loans	168		<i>(Not Segregated)</i>		
Maryland Bank & Credit Union	44	39	47	88	76
Miscellaneous	39	13	29	37	34
TOTAL ANNUAL COMPLAINTS	2,378	2,272	2,573	2,650	2,557

(*). Complaints received against institutions not regulated by the Office, including national banks, federal savings banks, savings and loan associations, federal credit unions and out-of-state banks.

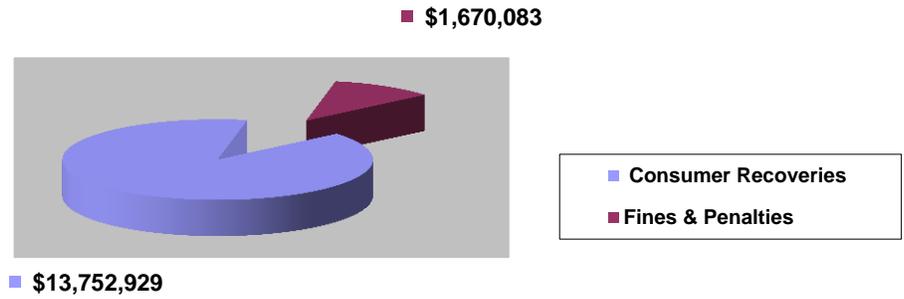
Monetary Consumer Recoveries & Fines and Penalties

Monetary recoveries for consumers derive from the Commissioner's commitment to protect the public from economic harm caused by problems in the financial services market. During fiscal year 2012, the Commissioner ordered recoveries to consumers of over \$17.3 million. Of this amount, the Office recovered over \$13.7 million for consumers. More than \$11 million of this amount relates to the settlement of a collections action against LVNV Funding, a purchaser of delinquent loans. Conduct at issue included allegedly engaging in collections activities in Maryland without being properly licensed, employing attorneys that filed false or misleading complaints and supporting affidavits in state courts on their behalf, and misrepresenting the amounts of the claims. The settlement included an agreement to dismiss more than 3,500 cases pending in Maryland district courts having balances of over \$7.7 million, and credits totaling over \$3.8 million which will be applied to the accounts of over 6,200 consumers whose cases have already been adjudicated or settled. The remainder of the \$13.7 million actually recovered for consumers is comprised of loans modified, fees eliminated and other forms of relief. As noted, approximately \$3.6 million was determined to be uncollectible due to the condition of the counterparty and sent to the Central Collection Unit of the Department of Budget and Management for collection efforts. The large volume of uncollected recoveries highlights the importance of the Office's efforts to prevent problems before they arise as restitution is often difficult to obtain in practice.

Additionally, as a result of these investigations, the Office imposed fines and penalties on consumer lender licensees and other individuals and companies that we determined had violated various State laws and/or regulations. The fines and penalties that were ordered by the Commissioner were over \$4.6 million in fiscal year 2012. The Office collected over \$1.6 million. The remaining balance was determined to be uncollectible and sent to the Central Collection Unit of the Department of Budget and Management for collection efforts. The fines were paid to the state's General Fund, and were related to the activities of unlicensed individuals and companies committing loan modification scams as well as the settlement with LVNV for unsolicited collection activities, which included a \$1 million fine and penalty.

	Total Ordered by the Commissioner FY 2012	Total Collected FY 2012	Total Ordered by the Commissioner FY 2011	Total Collected FY 2011
Consumer Recoveries *	\$17,365,325	\$13,752,929	\$5,262,587	\$1,072,597
Fines and Penalties *	\$4,651,383	\$1,670,083	\$1,678,925	\$563,425
TOTAL	\$22,016,708	\$15,423,012	\$6,941,512	\$1,636,022

Consumer Recoveries & Fines Collected



OFFICE SUMMARY

MISSION

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

ACCREDITATION

Since July 13, 1992, the Office has been accredited by the Conference of State Bank Supervisors (CSBS). The Office is proud of this accreditation, and was granted recertification on June 28, 2012 after demonstrating compliance with the approval standards established by CSBS. CSBS is a national organization that represents the interests of state banking departments. State banking departments must undergo a re-accreditation examination and audit every five years and submit annual assessment updates in order to retain certification. The CSBS Accreditation Program is designed to encourage the standardization of supervision and regulation of state chartered banks, identify weaknesses, and capitalize on the strengths of state banking departments. The process assists the Office to effectively carry out its responsibilities of chartering and supervising State chartered financial institutions, of ensuring industry safety and soundness, legal and regulatory compliance, and providing responsive service.

OFFICE REVENUE and EXPENDITURES

The Office of the Commissioner of Financial Regulation is a partially self-supporting unit of the State Government. Operating expenditures are largely funded from dedicated fees, with the remainder funded from tax revenues. The Office's funding is obtained mostly from the supervision and licensing fees assessed upon those financial institutions regulated by the Commissioner. During fiscal year 2012, funds collected by the Office were remitted to the State's General Fund, with the exception of four Special Funds, which are directly funded by Maryland-licensed mortgage lenders, money transmitters, debt management companies and Maryland state chartered banks, credit unions and non-depository trust companies to cover the costs of supervising those industries. The following charts compare the Office's revenue and expenditures for fiscal years 2011 and 2012.

General Fund
Fiscal Years Ended June 30

REVENUE	FY 2011	FY 2012
Non-Depository Licensing & Investigation Fees	\$1,281,314	\$807,995
Fines & Penalties *	\$563,425	\$1,670,083
(* All Fines & Penalties from all Programs are paid into the State's General Fund)		
Total Revenue	\$1,844,739	\$2,478,078

EXPENDITURES	FY 2011	FY 2012
Salaries and Benefits	\$1,968,645	\$1,717,129
Technical and Special Fees	\$0	\$0
Communication	\$263	\$2
Travel/Training	\$0	\$0
Lease Expense, Parking Facilities	\$0	\$0
Contractual Services	\$0	\$108,519
Supplies and Materials	\$0	\$11,482
Equipment	\$1,390	\$0
Fixed Charges, Rent	\$0	\$0
Total Expenditures	\$1,970,298	\$1,837,132
Net Revenue for Fiscal Year	(\$125,559)	\$640,946

Bank & Credit Union Special Fund
Fiscal Years Ended June 30

REVENUE	FY 2011	FY 2012
Bank & Credit Union Assessments	\$2,921,467	\$3,149,526
Non-Depository Trust Company Assessments	\$233,526	\$231,396
Depository Amendment and Filing Fees	\$50,747	\$21,700
Miscellaneous Income/Other	\$0	\$0
Total Revenue	\$3,205,740	\$3,402,622
EXPENDITURES	FY 2011	FY 2012
Salaries and Benefits	\$1,688,912	\$1,948,959
Technical and Special Fees	\$183,352	\$193,567
Communication	\$60,167	\$51,851
Travel/Training	\$235,112	\$266,751
Utilities	\$0	\$0
Lease Expense, Parking Facilities	\$6,423	\$7,408
Contractual Services	\$176,831	\$190,632
Supplies and Materials	\$6,403	\$13,363
Equipment	\$4,216	\$53,601
Fixed Charges, Rent	\$132,419	\$159,992
Administrative Expenses	\$328,885	\$415,800
Total Expenditures	\$2,822,720	\$3,301,926
Net Revenue for Fiscal Year	\$383,020	\$100,696
Year End Adjustment		\$398,399
Special Fund Balance Carried Forward	\$852,575	\$1,351,670

Special Fund – Debt Management
Fiscal Years Ended June 30

REVENUE	FY 2011	FY 2012
Debt Management Licensing & Investigation Fees	\$5,355	\$122,775
Debt Management Examination Fees	\$10,984	\$20,397
Miscellaneous Income/Other	\$5,561	(\$206)
Total Revenue	\$21,900	\$142,966

EXPENDITURES	FY 2011	FY 2012
Salaries and Benefits	\$0	\$71,782
Technical and Special Fees	\$0	
Communication	\$0	\$231
Travel/Training	\$4,372	\$23,528
Lease Expense, Parking Facilities	\$953	\$847
Contractual Services	\$0	\$9
Supplies and Materials	\$0	
Equipment	\$0	
Fixed Charges, Rent	\$30	\$36
Administrative Expenses	\$5,561	\$11,870
Total Expenditures	\$10,916	\$108,303
Net Revenue for Fiscal Year	\$10,984	\$34,663
Special Fund Balance Carried Forward	\$78,074	\$112,737

Special Fund – Money Transmitters
Fiscal Years Ended June 30

REVENUE	FY 2011	FY 2012
Money Transmitter Licensing & Investigation Fees	\$24,000	\$349,800
Money Transmitter Examination Fees	\$22,682	\$36,843
Miscellaneous Income/Other	\$0	
Total Revenue	\$46,682	\$386,643

EXPENDITURES	FY 2011	FY 2012
Salaries and Benefits	\$254,656	\$270,284
Technical and Special Fees	\$0	
Communication	\$395	\$623
Travel/Training	\$22,945	\$34,046
Lease Expense, Parking Facilities	\$1,850	\$2,949
Contractual Services	\$0	\$25
Supplies and Materials	\$0	
Equipment	\$0	
Fixed Charges, Rent	\$1,235	\$2,250
Administrative Expenses	\$41,822	\$41,098
Total Expenditures	\$322,903	\$351,275
Net Revenue for Fiscal Year	(\$276,221)	\$35,368
Special Fund Balance Carried Forward	\$72,246	\$107,614

Special Fund – Mortgage Originators
Fiscal Years Ended June 30

REVENUE	FY 2011	FY 2012
Mortgage Licensing & Investigation Fees	\$3,148,318	\$3,399,922
Mortgage Examination Fees	\$266,167	\$329,736
Interest on Fund Balance	\$2,694	
Miscellaneous Income/Other	\$16,282	(\$32,942)
Total Revenue	\$3,433,461	\$3,696,716
EXPENDITURES	FY 2011	FY 2012
Salaries and Benefits	\$2,013,874	\$2,316,320
Technical and Special Fees	\$161,061	\$116,091
Communication	\$32,008	\$35,803
Travel/Training	\$21,810	\$24,878
Utilities	\$0	\$0
Lease Expense, Parking Facilities	\$34,997	\$31,367
Contractual Services	\$223,568	\$137,456
Supplies and Materials	\$30,721	\$20,340
Equipment	\$0	\$12,971
Fixed Charges, Rent	\$173,338	\$149,584
Administrative Expenses	\$429,857	\$430,315
Total Expenditures	\$3,121,234	\$3,275,125
Net Revenue for Fiscal Year	\$312,227	\$421,591
Special Fund Balance Carried Forward	\$934,624	\$1,356,215

Special Fund - Mortgage Foreclosure Mediation
Fiscal Years Ended June 30

REVENUE	FY 2011	FY 2012
Miscellaneous Income/Other (Reimbursed)	\$166,232	\$208,465
Total Revenue	\$166,232	\$208,465

EXPENDITURES	FY 2011	FY 2012
Salaries and Benefits	\$0	\$0
Technical and Special Fees	\$48,063	\$74,112
Communication	\$34,948	\$72,917
Travel/Training	\$781	\$1,227
Utilities	\$0	\$0
Lease Expense, Parking Facilities	\$0	\$0
Contractual Services	\$82,429	\$59,730
Supplies and Materials	\$11	\$0
Equipment	\$0	\$0
Fixed Charges, Rent	\$0	\$479
Administrative Expenses		
Total Expenditures	\$166,232	\$208,465
Net Revenue for Fiscal Year	\$0	\$0
Special Fund Balance Carried Forward	\$0	\$0

**Federal Mortgage Fraud Grant
Fiscal Years Ended June 30**

REVENUE	FY 2011	FY 2012
Miscellaneous Income/Other-Grant Revenue	\$162,651	\$325,029
Total Revenue	\$162,651	\$325,029

EXPENDITURES	FY 2011	FY 2012
Salaries and Benefits	\$106,772	\$216,797
Technical and Special Fees	\$35,405	\$86,671
Communication	\$23	\$1,400
Travel/Training	\$1,173	\$10,812
Utilities	\$0	\$245
Lease Expense, Parking Facilities	\$0	\$61
Contractual Services	\$13,117	\$1,682
Supplies and Materials	\$11	\$4,241
Equipment	\$5,616	\$0
Fixed Charges, Rent	\$534	\$3,120
Administrative Expenses		
Total Expenditures	\$162,651	\$325,029
Net Revenue for Fiscal Year	\$0	\$0
Special Fund Balance Carried Forward	\$0	\$0

Office of the Commissioner of Financial Regulation
MANAGEMENT ORGANIZATION CHART
As of December 31, 2012

Mark A. Kaufman
Commissioner

Anne Balcer Norton
Deputy Commissioner

Cynthia Jones
Assistant Commissioner
Enforcement and Complaints

Teresa M. Louro
Assistant Commissioner
Bank Supervision

Joseph E. Rooney
Assistant Commissioner
Administration and Credit Union Supervision

Marcia A. Ryan
Assistant Commissioner
Depository Corporate Activities

Keisha L. Whitehall Wolfe
Assistant Commissioner
Non-Depository Supervision

Michael J. Jackson
Director
Regulatory Policy

Erin M. Naylor
Director
Mortgage Fraud

Cara Stretch
Director
Foreclosure Outreach

Sabrina Brown
Supervisor Non-
Mortgage
Compliance Unit

Raphael Simmons
Supervisor
Consumer Services
Unit

Calvin Wink
Supervisor
Enforcement Unit

Richard Younger
Supervisor
Mortgage
Compliance Unit

BOARDS

As of July 1, 2012

Maryland Banking Board

The Maryland General Assembly passed Chapter 332 of the Laws of Maryland which repealed the Banking Board effective July 1, 2011.

Maryland Collection Agency Licensing Board

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

Board Members

Mark A. Kaufman
Chairman

Stephen Hannan
Consumer Member

Susan Hayes
Industry Member

Eric Friedman
Consumer Member

Joanne Young
Industry Member

HISTORICAL LIST OF COMMISSISONERS AND DEPUTY COMMISSIONERS

Commissioners As of December 31, 2012

NAME	FROM	TO
Mark A. Kaufman	2010	Present
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	1959
William H. Kirkwood, Jr.	1951	1959
Joseph P. Healy	1950	1951
J. Millard Tawes	1947	1950
John W. Downing	1939	1947
Warren F. Sterling	1935	1939
John J. Ghingher	1933	1935
George W. Page	1919	1933
J. Dukes Downs	1910	1919

(*) In 1996, the Bank Commissioner's Office was merged by statute with the Office of Consumer Credit, resulting in the change of title from Bank Commissioner to Commissioner of Financial Regulation.

Deputy Commissioners
As of December 31, 2012

NAME	FROM	TO
Anne Balcer Norton	2010	Present
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	1986
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 title from Deputy Bank Commissioner to Deputy Commissioner of Financial Regulation.