

STATE OF MARYLAND  
OFFICE OF THE COMMISSIONER OF FINANCIAL  
REGULATION

DEPARTMENT OF LABOR, LICENSING AND REGULATION  
500 N. CALVERT STREET, SUITE 402  
BALTIMORE, MARYLAND 21202



**ANNUAL REPORT**  
**FOR FISCAL YEAR ENDING**  
**JUNE 30, 2015**

Presented to:

LARRY HOGAN  
GOVERNOR

BOYD K. RUTHERFORD  
LIEUTENANT GOVERNOR

GORDON M. COOLEY  
COMMISSIONER

KEISHA WHITEHALL-WOLFE  
ACTING 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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# **OFFICE MISSION & ACCREDITATION**

## **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 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.

## **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.

Because of the significant changes in mortgage lending nationally, the Office has begun the process of obtaining accreditation for its mortgage examination unit as established by CSBS. The CSBS Accreditation Program is designed to encourage the standardization of supervision and regulation of state licensed mortgage lenders and servicers, identify weaknesses, and capitalize on the strengths of all state mortgage examination units. The process will assist the Office to effectively carry out its responsibilities of licensing and supervising State mortgage lending activities, of ensuring industry safety and soundness, legal and regulatory compliance, and providing responsive service.

## HIGHLIGHTS OF THE OFFICE – FISCAL YEAR 2015

During FY 2015 the Office of the Commissioner of Financial Regulation ("the Office" or "OCFR") continued to promote a safe and healthy financial services system and to protect Maryland consumers through outreach, complaint resolution, and enforcement activity to address violations of law.

**Promote a safe and successful state chartered bank and credit union industry:** During the past year banks and credit unions grew assets and deposits and increased their capital levels. Their performance continued to improve as measured by all performance ratios.

**Leadership in mortgage servicing reform:** Office staff continues to serve on the Multi-state Monitoring Committee which coordinates the examination and enforcement activities of the 50 states related to larger mortgage lender and servicer businesses. Through this collaboration the resources of the Office are more effectively utilized to oversee our licensees and our staff is strengthened by exposure to the best practices of our counterpart offices.

**Foreclosure:** Our Office continues to administer the Notice of Intent to Foreclose and Foreclosed Property Registry databases. While foreclosures continue to trend down in number, the Office still delivered outreach to more than 70,000 homeowners facing foreclosure in FY 2015. The Office also increased its outreach to local government offices regarding use of the Registry which logs information about properties sold at foreclosure for purposes of assisting code enforcement in maintaining these properties and preventing neighborhood decay.

# LEGISLATIVE HIGHLIGHTS SUMMARY

**Sandy Small, Assistant Attorney General, Counsel to the Commissioner**

## **GENERAL PROVISIONS ARTICLE**

*Title 4 (Maryland Public Information Act), Subtitle 2 Inspection of Public Records, §4-201(c) and §4-205(e) (SB444/HB83)*

This amendment requires the governmental unit's official custodian of records to designate, rather than consider whether to designate, types of public records that are to be made available immediately upon request, and to maintain a current list of the designated public records.

This amendment also repeals the prohibition for an applicant to receive a copy of a judgment until the time for appeal expires or the appeal is dismissed or adjudicated.

*Title 4 (Maryland Public Information Act), Subtitle 5 Miscellaneous, §4-503 (SB852/HB674)*

This new law requires each governmental unit that maintains public records to: (1) identify a representative as the public contact person for public record requests; (2) maintain and publish the representative's contact information in a user-friendly format on the governmental unit's website or if the governmental unit does not have a website, keep the contact information at a place easily accessible by the public; (3) annually update the contact information and submit the updated contact information to the Office of the Attorney General, who must post the contact information in a user-friendly format on its website and include the contact information in any Public Information Act Manual.

## **CRIMINAL PROCEDURE ARTICLE**

*Title 10, Subtitle 3 (HB244/SB526)*

## **GENERAL PROVISIONS ARTICLE**

*Title 4 (Maryland Public Information Act), Subpart 3, Part II Required Denials for Specific Records (HB244/SB526)*

This new law authorizes a person to petition a court to shield or make inaccessible the person's court and police records (including any reference to specific records in the Maryland Judiciary Case Search) relating to 1 or more convictions of 12 specified crimes (not including domestically related crime) entered in either circuit court or District Court in one county no sooner than 3-years after the person satisfies the sentence imposed (including parole, probation, or mandatory supervision) for all convictions for which shielding is requested. If a person is not eligible for shielding of one conviction in a unit (defined as 2 or more convictions arising from the same incident, transaction, or set of facts), the person is not eligible for shielding of any other conviction in the unit. An otherwise shielded record remains fully accessible to, among others, a government licensing agency subject to a statutory or regulatory requirement or authorization to inquire into an applicant's criminal background. Additionally, the new law requires the government unit's custodian (under the Maryland Public Information Act), in response to a public information request, to deny inspection of court and police records that have been shielded.

## **FINANCIAL INSTITUTIONS ARTICLE (“FI”)**

*Title 1, Subtitle 1 Definitions (§1-101) (HB558/SB515)*

*Title 1, Subtitle 2 General Provisions (§1-211) (HB558/SB515)*

*Title 6 Credit Unions, Subtitle 7 Miscellaneous Regulations (§6-716) (HB558/SB515)*

## **COMMERCIAL LAW III ARTICLE (“CL”)**

*Title 13, Subtitle 3 Unfair and Deceptive Trade Practices Defined (§13-305) (HB558/SB515)*

## **CRIMINAL LAW ARTICLE (“CR”)**

*Title 12, Subtitle 1 (§12-106) (HB558/SB515)*

FI §1-211 sunset on October 1, 2014 because it was contingent on federal legislative or regulatory action authorizing depository institutions to provide a savings raffle promotion, a type of prize-linked savings product, and no such federal action had occurred. In December 2014, less than 2-months after FI §1-211 sunset, Congress enacted the American Savings Promotion Act (“Act”) that authorized federally insured financial institutions to conduct savings promotion raffles. The law’s reenactment of FI §1-211, with limited changes from the sunset version conforms Maryland law to the Act. The most notable change is the additional provision that a deposit of a certain dollar amount into a savings product is the sole consideration for a chance to win a prize. Since the law amended the definition of depository institutions to include credit unions, FI §6-716 (the statute authorizing credit unions to provide savings raffle promotions) was redundant and therefore repealed. Correspondingly, the references to credit union in CL §13-305 and CR §12-106 were unnecessary, and therefore deleted.

# DEPOSITORY SUPERVISION

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

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

The OCFR supervises 60 institutions, of which 46 are Maryland state chartered banks, eight are credit unions, and four are 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 has improved significantly over past few years, as evidenced by continued growth and profitability and decreasing problem assets. Maryland state chartered banks in aggregate have grown total assets by 11.56%, capital by 13.91%, deposits by 11.93%, and increased profitability by 42% over FY 2014. New challenges face some our banks, such as trust preferred securities deferral periods coming due and Troubled Asset Relief Program – Capital Purchase Program rate change, as well as some ongoing challenges well known to our bankers. Maryland banks continue to play a vital role in the economy, particularly in terms of lending to small businesses and community banking.

Maryland state chartered banks have improved their asset quality significantly. Problem credits have been identified and management teams continue to work through problem credits, with nonperforming assets to total assets improving significantly to 1.34% from 1.70% in FY 2014; yet real estate challenges persist. Successful workout strategies continue to lessen the burden on resources and related expenses have consistently declined.

Overall, Maryland state chartered banks continued to grow in assets and capital, while operating conservatively and profitably. During FY 2015, total assets grew by approximately \$3 billion to \$28.5 billion, even with the receivership of NBRFS Financial Bank in October 2014. Return on assets (“ROA”) increased from FY 2014 of 0.69% to 0.85% in FY 2015. The ROA still remains below historical norms as banks continue to devote focus and resources to enhancing risk management practices. Non-current loans as a percentage of total loans continued on an improving trend from FY 2014 of 1.64% to 1.18% in FY 2015. Capital held strong in all indices with tier 1 leverage at 10.20%, tier 1 risk-based at 12.45%, and total risk-based at 13.59%. Common equity tier 1 capital was added as another regulatory capital measure beginning January 1, 2015 as a result of Basel III, with Maryland state chartered banks faring well at 12.26%.

Safety and soundness examinations are full scope, and include assessing investment portfolios, capital, earnings, liquidity, management, risk management practices, and focusing heavily on asset quality. During FY 2015, the OCFR terminated three formal enforcement actions to address weaknesses and regulatory concerns. Enhanced regulatory supervision and oversight include: weekly teleconference calls held with an institution(s); 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.

Looking forward, state chartered banks will continue to manage through challenges. A low interest rate environment and low to moderate loan demand have proved challenging as bankers manage net interest margins. Interest rate risk, cybersecurity and the proposed CECL (accounting for allowance for loan and lease losses) are hot topics that will continue to receive attention. The OCFR is committed to assisting banks in managing these areas. The Commissioner and Assistant Commissioner for Bank Supervision remain in active dialogue with bank management teams throughout the state and seek outreach opportunities across the state.

### **Credit Unions**

The OCFR supervises eight Maryland state-chartered credit unions, as well as ASI, a private provider of deposit insurance. Of the eight credit unions, six are federally insured through the National Credit Union Share Insurance Fund, and the remaining two 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. Delinquencies decreased slightly to a weighted average ratio of 1.47% as of June 30, 2015. During the same period, average charge-offs decreased slightly from 0.57% to 0.54% as the credit unions removed non-earning loans from their books. The credit quality of loans will continue to be closely monitored.

Overall, loan growth increased by 8.4%, while assets under supervision increased by approximately \$120 million to \$5.2 billion, or by 2.4%. Net worth represents 10.78% of total assets. While the net interest margins improved, credit unions, as a group, continue to operate profitably, as reflected in an annualized ROA of 0.61%, an improvement from 0.28% in FY 2014.

### **Non-Depository Trust Companies**

Maryland has four state-chartered non-depository trust companies. Safety and soundness examinations continue to be full scope focusing on asset management, earnings, capital, management, operations, internal controls and audit, and compliance. Overall, Maryland state chartered non-depository trust companies had another good year with the recovery in the public stock, bond and real estate markets, combined with additional increases in assets resulted in a significant rebound in performance in FY 2015. Total assets-under-management increased from \$265 billion in 2014 to \$283 billion in FY 2015. Our trust companies continue to monitor volatility and economic conditions in the United States and global stock markets, and manage their institutions accordingly.



**Consolidated Statement of Financial Condition State Chartered Banks**  
As of June 30, 2015 & 2014 (in thousands)

<b>ASSETS</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>% Change</b>
Cash & Balances Due From Depository Institutions:			
Non-Interest Bearing & Currency/Coin	\$418,582	\$437,250	(4.27%)
Interest Bearing Balances	1,207,765	\$935,485	29.11%
Securities	\$3,933,505	\$3,985,378	(1.30%)
Federal Funds Sold and Securities Purchased Under Agreements to Sell	\$81,107	\$111,368	(27.17%)
Loans and Leases, Net of Unearned Income	\$21,060,087	\$18,649,820	12.92%
Allowance for Loan and Lease Losses)	(\$243,828)	(\$246,097)	(0.92%)
Trading Account Assets	\$2,020	\$966	109.11%
Premises and Fixed Assets (including capitalized leases)	\$355,278	\$341,296	4.10%
Other Real Estate Owned	\$109,327	\$131,180	(16.66%)
Intangible Assets	\$397,381	\$306,455	29.67%
Other Assets	\$913,334	\$875,298	4.35%
<b>Total Assets</b>	<b>\$28,478,385</b>	<b>\$25,528,399</b>	<b>11.56%</b>
<b>LIABILITIES</b>			
Deposits:			
In Domestic Offices	\$23,258,555	\$20,778,710	11.93%
Federal Funds Purchased & Securities Sold Under Repurchase Agreements	\$361,349	\$335,914	7.57%
Trading Liabilities	\$2,020	\$966	109.11%
Subordinated Debt	\$35,000	\$35,000	0.0%
Other Borrowed Money	\$1,428,408	\$1,411,406	1.20%
Other Liabilities	\$208,562	\$170,828	22.09%
<b>Total Liabilities</b>	<b>\$25,293,894</b>	<b>\$22,732,824</b>	<b>11.27%</b>
<b>EQUITY CAPITAL</b>			
Perpetual Preferred Stock	\$42,943	\$45,783	(6.20%)
Common Stock	\$260,382	\$245,074	6.25%
Surplus	\$1,747,437	\$1,487,160	17.50%
Undivided Profits and Capital Reserves	\$1,133,728	\$1,017,561	11.42%
<b>Total Equity Capital</b>	<b>\$3,184,490</b>	<b>\$2,795,578</b>	<b>13.91%</b>
<b>Total Liabilities and Equity</b>	<b>\$28,478,384</b>	<b>\$25,528,402</b>	<b>11.56%</b>

**Ratios from Consolidated Statements of Financial Condition of  
All State-Chartered Banks  
Fiscal Years 2013-2015**

Period Ending June 30th	FY 2015	FY 2014	FY 2013
Return on Assets	0.85%	0.69%	0.77%
Net Interest Margin	3.76%	3.64%	3.63%
Total Loans to Total Deposits	90.55%	88.57%	83.78%
Total Loans to Core Deposits	103.32%	98.80%	92.77%
Total Loans to Total Assets	73.95%	72.09%	68.09%
ALLL to Total Loans	1.14%	1.32%	1.49%
Noncurrent Loans to Total Loans	1.18%	1.64%	2.18%
Tier 1 Leverage Capital	10.20%	10.05%	9.67%
Tier 1 Risk-Based Capital	12.45%	12.79%	12.70%
Total Risk-Based Capital	13.59%	14.07%	14.05%
Common Equity Tier 1 Capital	12.26%	0.00%	N/A

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

Year	Total Assets	Total Loans	Securities	Total Deposits	Total Capital
<b>2015</b>	\$28,478,385	\$21,060,087	\$3,933,505	\$23,258,555	\$3,184,490
<b>2014</b>	\$25,528,399	\$18,403,723	\$3,985,378	\$20,778,710	\$2,795,578
<b>2013</b>	\$25,085,295	\$17,541,355	\$4,261,162	\$20,630,717	\$2,607,918
<b>2012</b>	\$24,878,161	\$17,398,087	\$4,128,600	\$20,394,192	\$2,560,059
<b>2011</b>	\$23,190,053	\$16,269,862	\$3,662,011	\$18,840,036	\$2,309,382
<b>2010</b>	\$23,223,680	\$16,501,297	\$3,372,087	\$18,710,253	\$2,257,096
<b>2009</b>	\$21,792,126	\$16,058,691	\$3,200,633	\$17,135,262	\$2,113,103

**Trust Assets Reported by State-Chartered Trust Companies**  
**Fiscal Year Ended June 30, 2015**  
(in thousands)

<b>Full Service Trust Companies</b>	<b>Managed</b>	<b>Non-Managed</b>	<b>Custodial</b>	<b>Total</b>
First United Bank & Trust	\$657,689	\$70,459	\$1,249	\$729,397
Sandy Spring Bank	\$1,045,572	\$128,934	\$52,640	\$1,227,146
<b>Total Assets - Full Service</b>	<b>\$1,703,261</b>	<b>\$199,393</b>	<b>\$53,889</b>	<b>\$1,956,543</b>

<b>Non-Depository Trust Companies</b>	<b>Managed</b>	<b>Non-Managed</b>	<b>Custodial</b>	<b>Total</b>
Brown Investment Advisory and Trust Co.	\$5,844,104	\$645,402	\$0	\$6,489,506
Chevy Chase Trust Company	\$4,686,733	\$18,458,069	\$2,900,831	\$26,045,633
NewTower Trust Company	\$8,732,316	\$0	\$0	\$8,732,316
T. Rowe Price Trust Company	\$63,524,144	\$178,323,072	\$0	\$241,847,216
<b>Total Assets - Non-Depository</b>	<b>\$82,787,297</b>	<b>\$197,426,543</b>	<b>\$2,900,831</b>	<b>\$283,114,671</b>

<b>Grand Total - Full Service &amp; Non-Dep.</b>	<b>\$84,490,558</b>	<b>\$197,625,936</b>	<b>\$2,954,720</b>	<b>\$285,071,214</b>
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**Consolidated Statement of Financial Condition – State-Chartered Credit Unions**  
**Comparative Figures for Fiscal Year Ending June 30<sup>th</sup>**  
**(in thousands)**

ASSETS	FY 2015	FY 2014	%
			Change
Cash & Balances Due From Depository Institutions	\$345,663	\$469,006	-26.3%
Investments & Securities	\$1,241,946	\$1,271,713	-2.3%
Total Loans	\$3,416,507	\$3,151,477	8.4%
Allowance for Loan and Lease Losses (ALLL)	(\$31,620)	(\$33,889)	-6.7%
Premises and Fixed Assets	\$65,878	\$65,952	-0.1%
Other Assets	\$171,356	\$165,505	3.5%
<b><i>Total Assets</i></b>	<b>\$5,209,730</b>	<b>\$5,089,764</b>	2.4%
LIABILITIES			
Members' Shares and Deposits	\$4,572,050	\$4,466,370	2.4%
Borrowed Money	\$31,190	\$45,405	-31.3%
Other Liabilities	\$44,958	\$45,438	-1.1%
<b><i>Total Liabilities</i></b>	<b>\$4,648,198</b>	<b>\$4,557,213</b>	<b>2.0%</b>
<b><i>Total Equity/Net Worth</i></b>	<b>\$561,532</b>	<b>\$532,551</b>	<b>5.4%</b>
<b><i>Total Liabilities and Equity</i></b>	<b>\$5,209,730</b>	<b>\$5,089,764</b>	<b>2.4%</b>
Additional Information as of June 30th	FY 2015	FY 2014	
Net Worth to Total Assets	10.78%	10.46%	
Net Worth to Members' Shares & Deposits	12.28%	11.92%	
Total Loans to Total Assets	65.58%	61.92%	
Total Loans to Members' Shares & Deposits	74.73%	70.56%	
ALLL to Total Loans	0.93%	1.08%	
Return on Assets (annualized)	0.61%	0.28%	

**Selected Balance Sheet Items – State-Chartered Credit Unions**  
**As of June 30, 2015**  
**(in thousands)**

	Total Assets	Total Loans	Shares & Deposits	Total Capital
<b>ASI Private Share Insurance</b>				
Fort Meade Community Credit Union	\$32,688	\$9,307	\$30,511	\$2,197
Post Office Credit Union of MD, Inc.	\$32,581	\$4,345	\$23,768	\$8,797
<b>National Credit Union Share Insurance</b>				
Central Credit Union of MD, Inc.	\$21,382	\$9,431	\$18,738	\$2,610
Destinations Credit Union	\$58,349	\$31,062	\$50,563	\$7,445
HAR-CO Credit Union	\$189,875	\$115,563	\$171,556	\$17,353
Municipal Employees Credit Union	\$1,200,584	\$685,126	\$1,020,841	\$135,035
Point Breeze Credit Union	\$740,911	\$320,352	\$638,969	\$95,926
State Employees Credit Union of MD	\$2,933,360	\$2,241,321	\$2,617,103	\$292,170
<b>Total All State Chartered Credit Unions</b>	<b>\$5,209,730</b>	<b>\$3,416,507</b>	<b>\$4,572,049</b>	<b>\$561,533</b>

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

Year	Total Assets	Total Loans	Shares & Deposits	Total Capital
<b>2015</b>	<b>\$5,209,730</b>	<b>\$3,416,507</b>	<b>\$4,572,049</b>	<b>\$561,533</b>
<b>2014</b>	\$5,089,764	\$3,151,477	\$4,466,368	\$532,551
<b>2013</b>	\$4,845,974	\$2,987,325	\$4,241,898	\$485,439
<b>2012</b>	\$4,602,641	\$2,773,682	\$4,001,697	\$471,070
<b>2011</b>	\$4,261,030	\$2,522,571	\$3,655,934	\$438,800
<b>2010</b>	\$4,107,886	\$2,452,504	\$3,551,370	\$424,494
<b>2009</b>	\$3,867,974	\$2,420,744	\$3,356,352	\$415,266
<b>2008</b>	\$3,512,890	\$2,362,006	\$3,043,152	\$419,221
<b>2007</b>	\$3,302,841	\$2,245,600	\$2,837,274	\$403,824
<b>2006</b>	\$3,112,221	\$2,063,541	\$2,659,307	\$371,057

# DEPOSITORY CORPORATE ACTIVITIES

## 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 to their organizations or to expand their business activities. There was a small increase in the overall number of corporate applications we received this year as compared to the prior fiscal year, particularly in the number of merger applications submitted. Applications handled by the Corporate Activities group included: the conversion of a national bank to a Maryland commercial bank charter; two federal thrift to state mutual savings bank charter conversions; seven bank mergers; three bank holding company mergers; one credit union merger; eight bank or non-depository trust company affiliates; three wild card proposals; and eight new bank 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 ongoing interest in the Maryland banking and credit union charters:

- 1880 Bank - The Office was pleased to welcome 1880 Bank, formerly the National Bank of Cambridge, into Maryland's state banking system in October 2014. The Bank's name change highlights the fact that it has been operating continuously on Maryland's Eastern Shore since 1880! As of June 30, 2015, the Bank had assets of \$193 million and was operating three branches in Dorchester County. However, in May, the Bank submitted an application to our office to acquire Easton Bank and Trust Company, located in Easton, Maryland. That application was approved shortly after the end of fiscal year 2015, which resulted in growth to the Bank's assets and branch network.
- Kopernik Bank – The Office was also pleased to welcome Kopernik Bank, formerly Kopernik Federal Bank, into Maryland's state banking system as a state-chartered mutual savings bank. The Bank has been serving its Baltimore community since 1924. As of June 30, 2015, Kopernik, which operates two branches in Baltimore, had assets of \$65.3 million. However, this bank also had plans to expand shortly after completing its charter conversion. In June, Kopernik filed a merger application with our office to acquire Kosciuszko Bank of Baltimore, which we expect to approve later this year.

We look forward to working with each of these banks as they continue to provide essential financial services and other beneficial support to their local communities.

Looking ahead to fiscal year 2016, we will continue to work with a number of other banks and credit unions that have expressed interest in the benefits of becoming a Maryland chartered financial institution. These potential new charters and charter conversions reflect, at least in part, recognition of the Office's commitment to maintaining a vibrant and healthy state chartered banking and credit union system.

**BANKS, CREDIT UNIONS and TRUST COMPANIES**  
**Activity on Selected Applications**  
**Fiscal Year Ended June 30, 2015**

**CONVERSIONS to STATE CHARTERS**

<b>Institution Name</b>	<b>Main Office</b>	<b>Former Name</b>	<b>Approval</b>
<i>1880 BANK</i> To convert from a national bank to a State-chartered commercial bank	Cambridge, MD	National Bank of Cambridge	10/24/14
<i>KOPERNIK BANK</i> To convert from a federal savings association to a State-chartered mutual savings bank	Baltimore, MD	Kopernik Federal Bank	04/17/15
<i>FIRST SHORE COMMUNITY BANK</i> convert from a federal savings and loan association to a State-chartered mutual savings bank	Salisbury, MD	First Shore Federal Savings and Loan Association	06/24/15 To

**MERGERS and ACQUISITIONS / PURCHASE and ASSUMPTIONS**

<b>Surviving Institution Main Location</b>	<b>Merged/Acquired Institution Main Location</b>	<b>Approval</b>
<i>MVB BANK</i> Fairmount, WV	CFG Community Bank Lutherville, MD	10/01/14 (withdrawn)
<i>EAGLEBANK</i> Bethesda, MD	Virginia Heritage Bank Fairfax, VA	10/03/14
<i>CONGRESSIONAL BANK</i> Bethesda, MD	American Bank Rockville, MD	04/23/15
<i>DESTINATIONS CREDIT UNION</i> Baltimore, MD	Automotive Aftermarket Employees FCU Pasadena, MD	05/15/15
<i>HOWARD BANCORP, INC.</i> Ellicott City, MD	Patapsco Bancorp, Inc. Baltimore, MD	06/01/15
<i>HOWARD BANK</i> Ellicott City, MD	Patapsco Bank Baltimore, MD	06/01/15
<i>HAMILTON BANCORP, INC.</i> Baltimore, MD	Fairmount Bancorp, Inc. Baltimore, MD	Pending
<i>HAMILTON BANK</i> Baltimore, MD	Fairmount Bank Baltimore, MD	Pending
<i>KOPERNIK BANK</i>	Kosciuszko Federal Savings Bank	Pending

Baltimore, MD	Baltimore, MD	
<i>DELMARVA BANCSHARES, INC.</i> Cambridge, MD	Easton Bancorp, Inc. Easton, MD	Pending
<i>1880 BANK</i> Cambridge, MD	Easton Bank and Trust Easton, MD	Pending

## **BANK AFFILIATES**

<b>Institution Name</b> <b>Main Location</b>	<b>Affiliate</b>	<b>Approval</b>
<i>NEW TOWER TRUST COMPANY</i> Bethesda, MD	Bentall Kennedy US GP, LLC Bentall Kennedy US LP Rushmore Holdings	04/10/15
<i>THE COLUMBIA BANK</i> Columbia, MD	Bank affiliate to invest in certain community development transactions	06/19/15
<i>NEW TOWER TRUST COMPANY</i> Bethesda, MD	Sun Life Financial, Inc. Sun Life Global Investments, Inc. Sun Life Assurance Company of Canada-U.S. Holdings, Inc. Sun Life Financial (U.S.) Investments, LLC	Pending

## **MISCELLANEOUS**

<b>Institution Name</b>	<b>Application</b>	<b>Approval</b>
<i>DESTINATIONS CREDIT UNION</i> Baltimore, MD	To invest in a jointly-owned credit union service organization (CUSO) providing back office support for five credit unions	10/01/14
<i>MUNICIPAL EMPLOYEES CREDIT UNION</i> Baltimore, MD	To expand field of membership	12/13/14
<i>REGAL BANCORP, INC.</i> Owings Mills, MD	To change control of BHC	12/23/14
<i>FARMERS and MERCHANTS BANK</i> Upperco, MD	To repurchase portion of the bank's capital stock	02/12/15
<i>YORK TRADITIONS BANK</i> York, PA	To act as escrow depository for certain real estate transactions for the benefit of the Maryland Affordable Housing Trust	06/09/15
<i>ESSEX BANK</i> Richmond, VA	To act as escrow depository for certain real estate transactions for the benefit of the Maryland Affordable Housing Trust	06/12/15



**STATE BANKS - BRANCH OPENINGS & CLOSINGS: July 1, 2014 – June 30, 2015**

Institution Name	Main Office	Opened	Closed
Columbia Bank	Columbia, MD		1
Provident State Bank	Preston, MD		1
First Mariner Bank	Baltimore, MD	1	
Talbot Bank	Easton, MD		1
CNB	Centreville, MD	1	
Monument Bank	Bethesda, MD	1	
Revere Bank	Laurel, MD	1	
EagleBank	Bethesda, MD		1
Old Line Bank	Bowie, MD	2	
First United Bank & Trust	Oakland, MD	1	
Damascus Community Bank	Damascus, MD	1	
Sandy Spring Bank	Olney, MD		1
<b>Total Branches Approved</b>		<b>8</b>	
<b>Total Branches Closed</b>			<b>5</b>

**STATE-CHARTERED COMMERCIAL BANKS and SAVINGS BANKS**  
**Location, Assets, and CRA Ratings**  
**As of June 30, 2015**

Bank Name	Principal Location	Total Assets (in thousands)	No. of Branches	CRA Rating
Bank of Glen Burnie	Glen Burnie	\$401,831	8	Satisfactory
Bank of Ocean City	Ocean City	\$270,324	6	Satisfactory
Blue Ridge Bank	Frederick	\$205,096	2	Satisfactory
Calvin B. Taylor Banking Company	Berlin	\$459,322	10	Satisfactory
Carroll Community Bank	Sykesville	\$128,026	2	Outstanding
Cecil Bank	Elkton	\$301,829	9	Satisfactory
CFG Community Bank	Baltimore	\$634,194	3	Satisfactory
Chesapeake Bank and Trust Company	Chestertown	\$95,758	2	Satisfactory
CNB	Centreville	\$486,102	12	Satisfactory
Columbia Bank	Columbia	\$2,078,569	31	Satisfactory
Community Bank of The Chesapeake	Waldorf	\$1,124,128	12	Satisfactory
Congressional Bank	Bethesda	\$477,092	4	Satisfactory
County First Bank	LaPlata	\$222,494	5	Satisfactory
Damascus Community Bank	Damascus	\$294,208	5	Satisfactory
EagleBank	Bethesda	\$5,728,647	22	Satisfactory
Easton Bank & Trust Company	Easton	\$130,391	3	Satisfactory
Fairmount Bank	Baltimore	\$77,215	12	Satisfactory

Farmers and Merchants Bank	Upperco	\$334,466	7	Satisfactory
Farmers Bank of Willards	Willards	\$307,277	7	Satisfactory
First Mariner Bank	Baltimore	\$833,781	16	Satisfactory
First United Bank and Trust	Oakland	\$1,335,632	25	Satisfactory
Frederick County Bank	Frederick	\$355,251	5	Satisfactory
Glen Burnie Mutual Savings Bank	Glen Burnie	\$85,324	1	Satisfactory
Harbor Bank of Maryland	Baltimore	\$238,471	7	Satisfactory
Harford Bank	Aberdeen	\$307,522	8	Satisfactory
Hebron Savings Bank	Hebron	\$486,385	12	Satisfactory
Howard Bank	Ellicott City	\$746,741	12	Satisfactory
Kopernik Bank	Baltimore	\$65,346	2	Satisfactory
Liberty Bank of Maryland	Baltimore	\$38,839	2	Satisfactory
Maryland Financial Bank	Towson	\$56,243	1	N/A
Middletown Valley Bank	Middletown	\$202,949	5	Satisfactory
Midstate Community Bank	Baltimore	\$172,452	1	Satisfactory
Monument Bank	Bethesda	\$486,102	3	Satisfactory
New Windsor State Bank	Taneytown	\$286,364	6	Satisfactory
Old Line Bank	Bowie	\$1,303,971	19	Satisfactory
Peoples Bank, The	Chestertown	\$277,461	6	Outstanding
Provident State Bank, Inc.	Preston	\$292,841	7	Satisfactory
Queenstown Bank of Maryland	Queenstown	\$440,553	8	Satisfactory
Regal Bank and Trust	Owings Mills	\$133,492	3	Satisfactory
Revere Bank	Laurel	\$748,699	5	Satisfactory
Saint Casimirs Savings Bank	Baltimore	\$94,998	4	Needs to Improve
Sandy Spring Bank	Olney	\$4,502,731	44	Satisfactory
Talbot Bank of Easton, Maryland	Easton	\$578,240	6	Satisfactory
Woodsboro Bank	Woodsboro	\$232,435	7	Satisfactory
1880 Bank	Cambridge	\$192,823	3	Satisfactory
<b>Total</b>		<b>\$27,918,149</b>	<b>380</b>	

## STATE-CHARTERED CREDIT UNIONS

### Assets & Field of Membership Type As of June 30, 2015

Credit Union Name	Principal Location	Total Assets (in thousands)	No. of Branches	Field of Membership Type
Central Credit Union of Maryland	Towson	\$21,382	1	Multiple Common Bond
Destinations Credit Union	Parkville	\$58,349	2	Multiple Common Bond
Fort Meade Community Credit Union	Fort Meade	\$32,688	2	Community Common Bond
HAR-CO Credit Union	Bel Air	\$189,875	3	Multiple Common Bond
Municipal Employees Credit Union	Baltimore	\$1,220,584	11	Multiple Common Bond

Credit Union Name	Principal Location	Total Assets (in thousands)	No. of Branches	Field of Membership Type
Point Breeze Credit Union	Hunt Valley	\$740,911	3	Multiple Common Bond
Post Office Credit Union of MD	Baltimore	\$32,581	1	Single Common Bond
State Employees Credit Union of MD	Linthicum	\$2,933,360	22	Multiple Common Bond
<b>Total</b>		<b>\$5,209,730</b>	<b>45</b>	

## STATE-CHARTERED NON-DEPOSITORY TRUST COMPANIES

### Location and Business Type As of June 30, 2015

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

## OTHER FINANCIAL INSTITUTIONS OPERATING IN MARYLAND As of June 30, 2015

### NATIONAL BANKS

National Bank Name	Principal Location	Branches in Maryland	Total Assets (in thousands)
1919 Investment Counsel & Trust, N.A.	Baltimore, MD	1	72,358
Bank of America, N.A.	Charlotte, NC	163	\$1,606,232,000
BOFK, N.A.	Tulsa, OK	1	\$30,615,811
Capital Bank, N.A.	Rockville, MD	2	\$660,905
Capital One Bank, N.A.	McLean, VA	103	\$255,291,411
Citibank, N.A.	Sioux Falls, SD	11	\$1,336,201,000
First National Bank of Pennsylvania	Greenville, PA	31	\$16,422,790
HSBC Bank USA, N.A.	McLean, VA	3	\$190,499,714
National Penn Bank	Boyertown, PA	1	\$9,582,579
PNC Bank, N.A.	Wilmington, DE	216	\$343,630,072

TD Bank, N.A.	Wilmington, DE	19	\$235,029,604
Wells Fargo, N.A.	Sioux Falls, SD	87	\$1,553,871,000
Wilmington Trust, N.A.	Wilmington, DE	1	\$2,076,604
Woodforest National Bank	Houston, TX	11	\$4,443,455

<b>Total</b>		<b>650</b>	<b>\$5,584,629,303</b>
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## FEDERAL SAVINGS BANKS

Federal Savings Banks / Thrifts	Principal Location	Branches in Maryland	Total Assets (in thousands)
American Bank	Rockville, MD	3	\$437,499
Arundel Federal Savings Bank	Glen Burnie, MD	7	\$472,441
Bay Bank, FSB	Lutherville, MD	12	\$488,515
Bay-Vanguard Federal Savings Bank	Baltimore, MD	5	\$169,480
Chesapeake Bank of Maryland	Parkville, MD	4	\$171,458
Colombo Bank	Rockville, MD	4	\$199,424
Eastern Savings Bank, FSB	Hunt Valley, MD	5	\$379,010
First Shore Federal Savings & Loan Assoc.	Salisbury, MD	7	\$303,343
Fraternity Federal Savings & Loan Assoc.	Baltimore, MD	4	\$162,391
Homewood Federal Savings Bank	Baltimore, MD	1	\$62,603
Hopkins Federal Savings Bank	Baltimore, MD	2	\$246,585
Jarrettsville Federal Savings & Loan Assoc.	Jarrettsville, MD	1	\$113,883
Kosciuzsko Federal Savings Bank	Baltimore, MD	1	\$12,007
Madison Bank of Maryland	Forest Hill, MD	3	\$136,958
North Arundel Savings Bank, FSB	Pasadena, MD	1	\$42,540
Presidential Bank, FSB	Bethesda, MD	2	\$567,131
Rosedale Federal Savings & Loan Assoc.	Nottingham, MD	9	\$806,194
Severn Savings Bank, FSB	Annapolis, MD	4	\$778,630
<b>Total</b>		<b>75</b>	<b>\$5,550,092</b>

## OTHER-STATE-CHARTERED BANKS

Banks Chartered by Other States	Principal Location	Branches in Maryland	Total Assets (in thousands)
Bank of Charles Town	Charles Town, WV	1	\$323,019
Bank of Georgetown	Washington, DC	2	\$1,191,382
BB&T	Winston-Salem, NC	163	\$186,642,879
BealBank, SSB	Plano, TX	1	\$1,988,355
Beal Bank, USA	Las Vegas, NV	1	\$5,322,639
Cardinal Bank	McLean, VA	2	\$3,725,997
Cathay Bank	Los Angeles, CA	1	\$11,886,453
Clear Mountain Bank	Bruceton Mills, WV	1	\$513,775
CNB Bank, Inc.	Berkeley Springs, WV	2	\$310,330
Crescent Bank & Trust	New Orleans, LA	1	\$1,028,287
Essex Bank	Tappahannock, VA	7	\$1,158,756
First-Citizens Bank & Trust Company	Raleigh, NC	1	\$30,803,511
Industrial Bank	Washington, DC	2	\$365,317
Jefferson Security Bank	Shepherdstown, WV	1	\$283,897
John Marshall Bank	Reston, VA	1	\$855,772
M&T Bank	Buffalo, NY	173	\$96,411,208
Miners & Merchants Bank	Thomas, WV	1	\$52,777
Northwest Savings Bank	Warren, PA	4	\$7,898,049
Orrstown Bank	Shippensburg, PA	1	\$1,232,434
PeoplesBank, A Cordus Valley Co.	York, PA	6	\$1,369,410
Premier Bank, Inc.	Huntington, WV	1	\$853,888
Shore Bank	Onley, VA	3	\$396,010
Somerset Trust Company	Somerset, PA	1	\$992,081
SonaBank	McLean, VA	8	\$1,011,332
Standard Bank, PaSB	Murrysville, PA	2	\$460,075
SunTrust Bank	Atlanta, GA	123	\$184,222,885
The Bank of Delmarva	Seaford, DE	6	\$469,420
United Bank	Fairfax, VA	5	\$7,394,945
United Bank	Parkersburg, WV	2	\$5,342,889
Virginia Partners Bank	Fredericksburg, VA	1	\$283,008
WashingtonFirst Bank	Reston, VA	4	\$1,523,485
Woori America Bank	New York, NY	1	\$1,319,889
<b>Total</b>		<b>529</b>	<b>\$557,634,154</b>

# FORECLOSURE PREVENTION AND OUTREACH

## Annual Overview

**Jedd Bellman, Assistant Commissioner**

Pursuant to legislation passed in 2010, the Office added a Director of Foreclosure Administration (“Director”). The Director is responsible for implementing and coordinating the Commissioner’s role in response to the most recent economic crisis. In FY 2015, the Director continued to work to improve the services provided by the Commissioner as related to foreclosure and mortgage delinquencies in the State. The Director manages two statewide electronic databases, conducts a number of outreach activities on behalf of the Office, communicates with Maryland homeowners and industry agents, and represents the Office at federal, state, and local events.

One of the Director’s primary responsibilities is oversight of the Maryland Foreclosed Property Registry (“Registry”). The Registry is an online database created by the Maryland General Assembly during its 2012 session. The Registry assists local jurisdictions with identifying parties responsible for foreclosed properties during the time period between a foreclosure sale and deed recordation – when foreclosed properties typically become unoccupied and may fall into disrepair. The Registry is intended to facilitate code enforcement, nuisance abatement, law enforcement, emergency services, and other activities under the responsibility of local authorities. As of June 30, 2015, there were 37,930 properties listed on the Registry. From January 2013 through June 2015, the Office has approved 171 users that have direct access to the Registry, 52 of which were added during FY 2015.

Towards the end of this fiscal year, the Director began a targeted outreach campaign to increase awareness and use of the Registry among Maryland’s municipal and county officials. The campaign includes meeting in-person with local officials throughout the state, as well as the development of new resource materials geared to provide more comprehensive and accessible information. The Registry outreach campaign will extend through the fall of 2015.

The Director continues to work closely with the Department’s Office of Information Technology to implement a number of upgrades to the Registry to make it more user-friendly, with the end goal of revamping the whole Registry platform in the upcoming fiscal year.

The Director continues to oversee the Notice of Intent to Foreclose (“NOI”) electronic system. Any party pursuing foreclosure on residential real property in the State must send an NOI to the borrower at least forty-five (45) days prior to docketing a foreclosure action. Additionally, Maryland law requires the party to furnish to the Commissioner an electronic copy of the NOI. The Office processes the NOI data and uses it to generate outreach packets which are mailed directly to homeowners at-risk of foreclosure. These packets encourage homeowners to contact their mortgage servicer, provide nonprofit referral information, and caution homeowners against loss mitigation scams. The packets are mailed weekly. In FY 2015, the Office received approximately 71,900 NOIs, which is a decrease from the previous fiscal year. For a complete list of the number of NOIs received by the Commissioner since FY 2009, *see* chart below.

<b>Fiscal Year</b>	<b># of new NOIs Received</b>
<b>2009</b>	<b>140,531</b>
<b>2010</b>	<b>161,632</b>
<b>2011</b>	<b>154,867</b>
<b>2012</b>	<b>178,518</b>
<b>2013</b>	<b>124,575</b>
<b>2014</b>	<b>100,574</b>
<b>2015</b>	<b>71,917</b>

As with the Registry, the Director has been working with the Department’s Office of Information Technology to upgrade the NOI electronic system and improve its ease of use, including plans to revamp the platform in the upcoming fiscal year.

In addition to oversight of the Registry and NOI system, the Director continues to field daily inquiries from Maryland homeowners and industry representatives with questions about the foreclosure process and requests for assistance with regard to other foreclosure related matters. The Director also regularly communicates with consumer advocates, industry participants, and state and federal government partners to discuss foreclosure related issues, as well as at times to resolve homeowner and/or industry concerns. In FY 2015, the Director represented the Commissioner at approximately forty-five (45) foreclosure-related outreach events and meetings.

Other foreclosure outreach activities conducted by Office staff include investigating foreclosure-related complaints, participating in multi-state mortgage settlement negotiation and administration, and communicating directly with mortgage servicers regarding loan-level complaints and company policies and procedures.

# CONSUMER SERVICES

## Annual Overview

**Michael J. Jackson, Director**

During FY 2015 the Consumer Services Unit continued to assist Maryland consumers resolve issues with their financial service providers. During the last quarter of FY 2015, the Unit transitioned into a new phase under the managerial direction of the Commissioner's former Internal Policy Director as the former manager of Consumer Services Unit retired from service after twenty five years of directing the activities of the Unit.

A representation sample of results achieved by the Consumer Services Unit:

- A consumer contacted the Consumer Services Unit for assistance communicating her request to consolidate two mortgage loans on her home to her mortgage servicer, who was a Maryland licensee. The consumer advised that she successfully obtained a modification on the first mortgage but was unsuccessful in her attempts to secure the licensee's approval to combine the first and second mortgage. An Examiner contacted the licensee on the consumer's behalf and the licensee advised that the first mortgage was modified in 2010, but the licensee had not received a modification application for the second loan. With this information, the consumer completed and submitted a modification application and the licensee quickly approved the modification on the second mortgage. The loan modification on the second mortgage loan reduced the mortgage payment and resulted in the consumer saving over \$16,000.
- A consumer contacted the Consumer Services Unit seeking assistance in closing a deceased family member's banking accounts. The consumer advised that as executor of the estate, he had contacted the financial institution and provided documentation needed to close the accounts and transfer any remaining funds to the estate. After contacting the financial institution, the Examiner was able to direct the consumer regarding the forms required for submission and the consumer was able to quickly resolve his concerns. After the forms were completed, the accounts were closed as requested and the estate was provided over \$48,000 that was previously frozen in the accounts.



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

<b>Complaint Category</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Collection Agency</b>	<b>375</b>	<b>504</b>	<b>615</b>	<b>754</b>	<b>530</b>
<b>Non-Maryland Institutions *</b>	<b>280</b>	<b>204</b>	<b>203</b>	<b>481</b>	<b>582</b>
<b>Mortgage</b>	<b>405</b>	<b>683</b>	<b>687</b>	<b>442</b>	<b>598</b>
<b>Credit Reporting Company</b>	<b>193</b>	<b>219</b>	<b>278</b>	<b>239</b>	<b>277</b>
<b>General Consumer</b>	<b>124</b>	<b>180</b>	<b>195</b>	<b>211</b>	<b>233</b>
<b>PayDay Loans</b>	<b>82</b>	<b>194</b>	<b>337</b>	<b>168</b>	<b>N/A</b>
<b>Maryland Bank &amp; Credit Union</b>	<b>69</b>	<b>67</b>	<b>65</b>	<b>44</b>	<b>39</b>
<b>Miscellaneous</b>	<b>51</b>	<b>79</b>	<b>38</b>	<b>39</b>	<b>13</b>
<b>TOTAL ANNUAL COMPLAINTS</b>	<b>1,579</b>	<b>2,130</b>	<b>2,418</b>	<b>2,378</b>	<b>2,272</b>

\*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.

# **ENFORCEMENT**

## **Annual Overview**

**Jedd Bellman, Assistant Commissioner**

The Enforcement Unit is the investigatory and enforcement arm of the Commissioner. The Enforcement Unit generally investigates fraud-related issues and conducts specialized examinations involving Maryland chartered banks, credit unions, and trust companies, licensed financial institutions, individuals, and unlicensed business entities, with the goal of uncovering improper business practices and/or violations of law subject to the jurisdiction of the Commissioner. The Enforcement 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 should action be taken.

In FY2015 the Unit continued to identify areas where it could improve its operations and more efficiently and effectively devote resources to meet the mission of the Unit. One such improvement was the development and completion of a new case management system that will be implemented in the beginning of FY2016. This new system will track all active matters handled by the Enforcement Unit from conception to closure, including gathering relevant information during an investigation as well as any regulatory enforcement action taken. This will allow for improved management over workflow and for a better integration of the Unit's work with the rest of the Agency.

As the nation continues to move past the most recent economic crisis, the Unit endeavored in FY2015 to strategically realign itself to better leverage its resources to efficiently and effectively tackle those matters of most importance. To that end, case consolidation, including the closing of non-viable cases and the referral of matters to other governmental agencies better equipped to handle those cases, resulted in 214 cases being closed in FY2015.

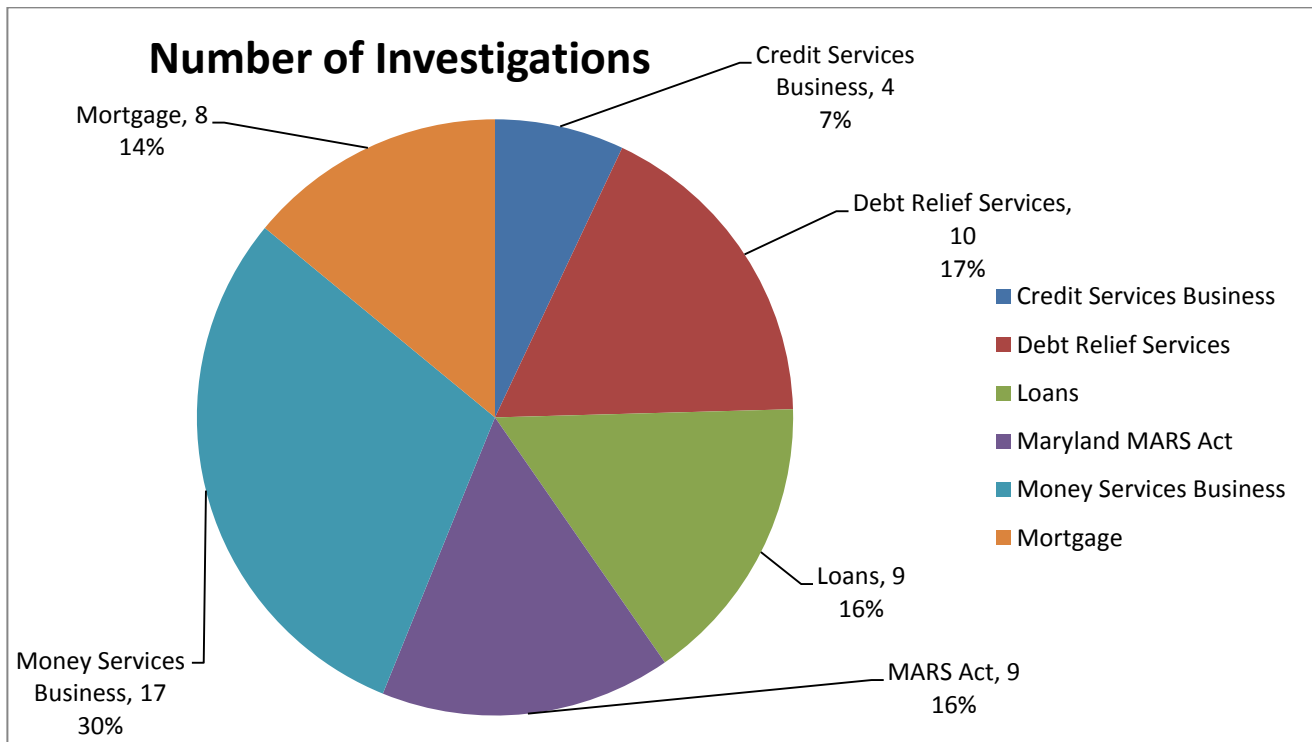
Mortgage related cases continue to decrease in this fiscal year. In FY2015, 14% of all new investigations involved mortgage fraud related complaints (*see* FY2015 New Investigatory Examination charts below). However, so-called "loss mitigation scams" in which struggling homeowners are duped into paying thousands of dollars in up-front fees to fraudsters who claim they can help these homeowners avoid foreclosure continue to be an issue effecting the State as new investigations in this area remained at 23% overall. This represented a slight rise that could be attributed, in-part, to the Commissioner's continued enforcement of the relatively new "Maryland Mortgage Assistance Relief Act" which effectively prohibits the taking of upfront money from a consumer for mortgage assistance relief services before fully rendering the contracted for services.

In FY2015 the Unit continued to pursue complaints involving money services businesses and debt relief services businesses, as well as activity in the collection of debt space (predominantly unlicensed activity).

The Unit investigated complaints involving financial services businesses that offer high rate, short-term loans ("payday lenders") at interest rates that far exceed the State's longstanding usury cap. Included in these complaints are both licensed and unlicensed entities that attempt to collect on these illegal loans. Additionally, the Unit is confronted with enforcement limitations involving entities that hide behind "sovereign immunity" defenses, while blatantly ignoring and violating State law.

The Unit was able to refer a large number of these cases to the Consumer Financial Protection Bureau for examination/investigation.

Similar to classic payday lending, the Unit experienced a heightened level of complaints revolving around financial services businesses that offer short-term loans in which the borrowers put their automobiles up as collateral (“title lenders”). These loans are covered under Maryland credit laws and are similarly subject to licensing and usury standards. In FY2015, the Unit investigated and brought charges involving complaints revolving around the repossession of automobiles on behalf of title lenders that had lent in violation of Maryland law. To better tackle these types of issues, the Unit continues to engage its partners on both the state and federal level to identify strategies to more efficiently and effectively combat these illegal practices.



During FY 2015, through the efforts of the investigatory examination staff, the Enforcement Unit completed approximately 33 investigations, which were referred to litigation counsel in the Attorney General’s office for administrative action. Based on Unit referrals, the Commissioner issued 55 charging documents, which include charge letters, summary orders to cease and desist, and/or summary suspensions of licenses. Additionally, the Commissioner issued a total of 44 final orders and consent orders directing respondents to provide consumer refunds of approximately \$1,611,294 and to remit to the State civil penalties of approximately \$1,063,306.

The Unit continues to maintain and develop its relationships with local, state, and federal law enforcement officials.

# **NON-DEPOSITORY LICENSING**

## **Annual Overview**

**Juan M. Sempertegui, Director**

The Office licenses over 14,500 non-depository institutions and individuals engaging in financial service 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 Office witnessed a fourth consecutive annual increase in licensees in FY 2015, continuing the reversal of the steep decline in licensee volumes experienced in past years, especially in the mortgage industry. Compared to FY 2014, the Office saw increases in the number of mortgage, consumer lender, installment lender, and sales finance licensees. The increase in installment lender, consumer lender and sales finance licensees is likely attributable to an improving economic climate. The steady increase in mortgage loan originator and mortgage lender applications has continued in FY 2015.

The Office has become fully integrated in the Nationwide Multistate Licensing System (“NMLS”) for the licensing of mortgage lender, mortgage loan originators and money transmitter licensees. All policies and procedures have been adjusted to fully utilize the system’s functionality. The Office has worked to continuously implement the use of developed NMLS functions that provide invaluable information such as the volume of mortgage business and information related to regulatory actions taken against licensees. Further the Office encourages staff participation in the various working groups that have been formed to coordinate and share ideas regarding the development of NMLS functionality. As such, the licensing staff was also actively engaged in various NMLS working groups during FY 2015, including the Checklist Improvement Workgroup, Document Upload Workgroup, and the Advanced Change Notice Workgroup to name a few.

As part our continuing efforts to streamline processes, the Office has been reviewing all licensing requirements to confirm compliance with statutory obligations, to identify the need for potential processing changes and to increase efficiencies for both applicants or licensees and the Office. For example, the Office has started developing and implementing use of checklists similar to those used with NMLS-based licenses for all licensing categories. The new checklists provide better guidance to applicants regarding the application process and will result in faster processing times. The Unit is also actively engaged in enhancing customer service by providing continuous training to staff.

**New Business Licensees and Total Current Business Licensees by Category  
Fiscal Years 2015 & 2014**

<b>License Type</b>	<b>New Licensees FY 2015</b>	<b>New Licensees FY 2014</b>	<b>Total Licensees FY 2015</b>	<b>Total Licensees FY 2014</b>
Affiliated Insurance Producer- Mortgage Loan Originator	15	13	59	55
Check Casher	23	30	340	476
Collection Agency	209	254	1,635	1,665
Consumer Loan	61	28	191	123
Credit Service Business	4	4	11	11
Debt Management	0	1	37	40
Debt Settlement Services	7	4	28	21
Installment Loan	20	18	165	161
Money Transmitter	15	45	141	129
Mortgage Lender	478	637	2,096	1,965
Mortgage Loan Originator	2,524	3,068	9,090	8,519
Registered Exempt Mortgage Lender	0	4	14	14
Sales Finance	<u>137</u>	<u>238</u>	<u>810</u>	<u>737</u>
<b><i>TOTAL</i></b>	<b>3,493</b>	<b>4,344</b>	<b>14,617</b>	<b>13,916</b>

# NON-DEPOSITORY COMPLIANCE

## Annual Overview

Jedd Bellman, Assistant Commissioner

The Non-Depository Compliance Unit supervises individuals and business entities providing services in the non-depository sector, including approximately 10,000 licensees that provide credit and other 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, check cashers, consumer lenders, sales finance companies, credit service businesses, and installment loan companies. Many of the non-depository institutions regulated by the Commissioner offer a number of products and services that are constantly evolving because of technological advances as well as to keep up with consumer needs.

The Unit has four sub-units, each responsible for supervisory examinations of one of the following categories of regulated industries; mortgage service providers, money transmitters, debt management services providers, or check cashers. During FY 2015, the Unit's examination activity resulted in the collection of fines and civil penalties of approximately \$135,227 and restitution to consumers of approximately \$139,767.

In FY 2015, the Unit endeavored to improve and upgrade its examination management system. This updated system will better track current examinations as well as the tracking and scheduling of future examinations based on the risk profile of the licensee. Overall, this will allow for improved management over workflow and consistency in examination protocol from sub-unit to sub-unit.

### Mortgage Compliance Unit

The Mortgage Compliance 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 lending, brokering, 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 originate mortgage loans in the State. 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 and the servicing of debt obligations thereafter, provide for 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 is required to examine new licensees within 18 month of licensure and at least once during any 36- month period thereafter. With changes to the examination process made near the end of FY 2014, the Mortgage Compliance Unit in FY 2015 was able to commence examination of 675 licenses timely, out of 679 which came due for examination during the year (99.4%).<sup>1</sup> Additionally, the Unit began rolling out updated examination policies and procedures to fully integrate a risk-based examination model, originally conceived in 2012, into the general operations of the Unit. The risk based examination is intended to enable the Unit to place greater emphasis on those licensees who pose the greatest risk to the general public, while

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<sup>1</sup> The Unit was unable to start the examinations of the remaining four licenses within the statutory timeframe due to certain circumstances outside the control of the Unit (such as pending licensing issues); however the Unit was able to commence these within a reasonable time after those issues were resolved.

appropriately reducing the regulatory burden on those institutions that pose less risk.

The Mortgage Compliance Unit continues to take an active role in multi-state examinations of mortgage lenders, brokers, and/or servicers. In FY 2015, the Mortgage Compliance Unit participated in several joint examinations with other states under the auspices of the American Association of Residential Mortgage Regulators and the Conference of State Bank Supervisors' Multi-State Mortgage Committee. The Unit also began to coordinate and share examination findings with the Consumer Financial Protection Bureau under the terms of a 2013 coordination framework.

The Unit undertook in FY 2015 a comprehensive review of the Commissioner's regulations pertaining to mortgage lending and servicing in the State. This review is intended to update and modernize those regulations to address industry and consumer advocate concerns, while eliminating outdated regulations and otherwise improving the efficiency and effectiveness of mortgage supervision. As a result of this review, the agency is in the process of drafting a proposal for new regulations, which will be discussed with stakeholder groups throughout the next fiscal year and prior to initial publication.

During FY 2015, the Mortgage Compliance Unit initiated efforts to gain mortgage supervision accreditation from the Conference of State Bank Supervisors for the agency as a whole. Under the SAFE Act, an accredited agency is presumed by the federal government to be compliant with the performance standards for state regulatory authorities specified in the Act. As part of these efforts, the Unit is modifying its examination process and format. The purpose of this is twofold: 1) it will result in examinations which are more efficient, effective, and comprehensive and which will better conform to current best practices for mortgage regulators; and 2) it will result in improved communication between the Unit and the licensees it examines while reducing the regulatory burden on the most compliant companies.

Employees of the Mortgage Compliance Unit continue to maintain their professional competence through training and awareness of legislative updates. The unit's more tenured Examiners continue to maintain certifications issued by the Conference of State Bank Supervisors as Certified Mortgage Examiners, while all newer Examiners are actively pursuing certification.

### **Money Transmission Compliance Unit**

Money transmitters transmit funds electronically, and provide 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 innovations include prepaid cards and online transmissions. As the prepaid card industry continues to expand and evolve beyond general gift cards, the Unit continues to see the emergence of a diverse set of products that range from accelerating tax returns cards to mobile payments. Prepaid cards have become the fastest growing payment method in the US. This growth has been sustainable because of the diversity of the prepaid market. Prepaid cards are designed to sell into government disbursements, reloadable incentives, bank turn-down solutions, family budgeting tools, payroll, ATM usage, and bill payment. 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 the Money Transmitter Regulators Association ("MTRA") 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 businesses under federal law and are thus required to adhere to the federal Bank Secrecy Act (“BSA”) and Anti-Money Laundering (“AML”) regulations. As a result, Unit examiners continue to participate in programs with the U.S. Internal Revenue Services and U.S. Treasury Department’s Financial Crimes Enforcement Network, which are aimed at consistency with the BSA requirements in order to deter money laundering.

Employees of the Money Transmission Compliance Unit maintain Professional development through training and industry updates. Unit Examiners maintain certifications issued by the Conference of State Bank Supervisors as Certified Money Service Examiners and the Association of Certified Fraud Examiners as Certified Fraud Examiners.

During FY 2015, through the efforts of the examination staff, the Unit completed ten (10) examinations of Maryland Money Transmission Licenses.

### **Debt Management Compliance Unit**

Debt management companies are licensed in Maryland and provide consumers access to structured payment plans that permit these consumers to repay debt over time with some accommodation from their creditors. More specifically, with the assistance of a trained credit counselor or certified credit counselor an agreement is entered into with the consumer’s creditor(s) that provides full repayment over a thirty-six month to sixty month time frame in exchange for concessions by the creditors. Concessions typically reduce payments and interest rates. 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.

During FY 2015, through the efforts of the examination staff, the Unit completed eight (8) examinations of Maryland Debt Management Licenses.

### **Check Cashers Compliance Unit**

Check casher licensees provide check cashing services – cashing a consumer’s check for a fee, which amount is established under State law. Check cashers are also considered money service businesses under federal law and are required to adhere to the federal Bank Secrecy Act (BSA) and Anti-Money Laundering regulations.

Some licensees are large national chains with as many as 70 store locations in the State, while others are small “mom-and-pop” businesses with several employees. In recent years, check cashers have better leveraged new technologies, such as utilizing automated check cashing machines. The use of automated check cashing machines in many instances decrease operating costs while increasing the convenience for Maryland consumers to obtain check cashing services.

During FY 2015, through the efforts of the examination staff, the Unit completed ninety-nine (99) examinations of Maryland Check Casher Licenses.



# MONETARY RECOVERIES FOR CONSUMERS, FINES AND PENALTIES

## Consumer Recoveries

Monetary recoveries for consumers result from the Commissioner’s commitment to protect the public from economic harm caused by the financial services market. During FY 2015, the Commissioner conducted hearings either internally or through the Office of Administrative Hearings and along with in-house efforts, collected recoveries for consumers of almost \$2.4 million. Another \$777,249 was ordered to be paid to consumers but was determined to be uncollectible due to the financial condition of the responsible party and was referred to the Central Collection Unit of the Department of Budget and Management for collection efforts.

## Fines & Penalties

Additionally, during FY 2015, the Commissioner investigated companies and/or individuals that we determined had violated various State laws and/or regulations. The Commissioner conducted hearings either internally or through the Office of Administrative Hearings and collected fines and penalties of nearly \$414,923. Another \$1,046,900 in fines ordered to be paid to the State was determined to be uncollectible due to the financial condition of the responsible party and was referred to the Central Collection Unit of the Department of Budget and Management for collection efforts. All of the collected fines were paid to the state’s General Fund, and most were related to the activities of unlicensed individuals and companies committing loan modification scams, mortgage compliance issues, and payday lending activities.

### Consumer Recoveries & Fines Collected Fiscal Years 2015 & 2014

	Total Collected FY 2015	Total Collected FY 2014
<b>Consumer Recoveries</b>	<b>\$2,363,205</b>	<b>\$1,784,749</b>
<b>Fines and Penalties</b>	<b>\$414,923</b>	<b>\$973,732</b>
<b>TOTAL</b>	<b>\$2,778,128</b>	<b>\$2,758,481</b>

## **OFFICE REVENUES AND EXPENDITURES**

The Office's funding is provided from several sources. License and supervision fees paid by Maryland-licensed mortgage lenders and mortgage loan originators, money transmitters, debt management companies, and banks credit unions and non-depository trust companies are deposited into statutorily created Special Funds for each of the four industries, respectively, and are utilized to cover the costs of licensing and supervision of each respective industry. Any surplus is carried over to subsequent fiscal years. In fiscal year 2015, the General Assembly passed the 2015 Budget Reconciliation Financing Act which reduced various Special Fund Accounts. Licensing and supervision fees paid by all other license categories are deposited into the State's General Fund.

As detailed in this report, the Office's focus on foreclosure prevention and mitigation, including its efforts in negotiating the Attorneys General Mortgage Servicers settlement, have resulted in the Office receiving a portion of the Mortgage Servicers Settlement funds.

Further, two additional Special Funds, the Mortgage Foreclosure Mediation and the Foreclosed Property Registry, provide monies to support the Office's foreclosure prevention and mitigation activities. Any and all monies received as a result of the assessment and collection of fines and penalties are deposited into the State's General Fund. The following charts compare the Office's revenue and expenditures for fiscal years 2013, 2014, and 2015.

**Summary of All OCFR Revenues and Expenditures  
Fiscal Years Ending June 30<sup>th</sup>**

REVENUES	FY 2013	FY 2014	FY 2015
<b><u>Special Funds</u></b>			
Mortgage Lender/Originator	\$4,985,920	\$5,380,634	\$5,523,535
HB 72-BRFA-Mortgage Fund *			(\$3,000,000)
Banking and Credit Union Regulation	\$3,566,024	\$3,476,278	\$3,640,834
Money Transmission	\$198,206	\$271,839	\$360,379
Debt Management Services	\$34,472	\$92,011	\$25,581
Subtotal	\$8,784,622	\$9,220,762	\$6,550,329
<b><u>Foreclosure Related Special Funds</u></b>			
Attorneys General Settlement	\$179,714	\$589,496	\$743,055
Mortgage Foreclosure Mediation	\$116,956	\$47,744	\$38,902
Foreclosed Property Registry	\$235,119	\$1,084,037	\$1,121,009
Federal Mortgage Fraud Grant **	\$253,089	\$36,832	\$0
Subtotal	\$784,878	\$1,758,109	\$1,902,966
* The Legislature passed the Budget Reconciliation Financing Act which reduced various Special Fund Accounts.			
** This grant expired in FY 2013 but expenses were allowed until all funds were expended into FY 2014			
<b><u>General Funds</u></b>			
Licensing Fees	\$1,529,342	\$1,012,597	\$1,283,694
Fines & Penalties	\$1,853,661	\$1,018,636	\$439,253
Subtotal	\$3,383,003	\$2,031,233	\$1,722,947
<b>Total Revenue</b>	<b>\$12,952,503</b>	<b>\$13,010,104</b>	<b>\$10,176,242</b>
<b><u>EXPENDITURES</u></b>			
Salaries and Benefits	\$6,254,783	\$6,838,687	\$7,545,750
Technical and Special Fees	\$400,754	\$431,336	\$650,498
Communication	\$125,026	\$120,651	\$182,367
Travel/Training	\$345,915	\$312,482	\$379,070
Utilities	\$0	\$0	\$0
Lease Expense, Parking Facilities	\$40,679	\$40,658	\$43,440
Contractual Services	\$754,900	\$487,281	\$126,577
Supplies and Materials	\$51,934	\$55,662	\$76,006
Equipment	\$85,607	\$47,161	\$38,995
Fixed Charges, Rent	\$365,491	\$295,360	\$308,076
Administrative Expenses	\$738,775	\$856,500	\$1,202,970
<b>Total Expenditures</b>	<b>\$9,163,865</b>	<b>\$9,485,778</b>	<b>\$10,553,750</b>
<b>Net Revenue for Fiscal Year</b>	<b>\$3,788,638</b>	<b>\$3,524,326</b>	<b>(\$377,508)</b>

**Revenues & Expenditures - General Fund  
Fiscal Years Ending June 30<sup>th</sup>**

<b>REVENUE</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Non-Depository Licensing Fees	\$1,529,342	\$1,012,597	\$1,283,694
Fines & Penalties *	\$1,853,661	\$1,018,636	\$439,253
<b>Total Revenue</b>	<b>\$3,383,003</b>	<b>\$2,031,233</b>	<b>\$1,722,947</b>

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

<b>EXPENDITURES</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Salaries and Benefits	\$2,028,375	\$1,513,829	\$1,446,255
Communication	\$3	\$0	\$1
Travel/Training	\$522	\$0	\$0
Contractual Services	\$225,000	\$0	\$0
Supplies and Materials	\$100	\$111	\$0
<b>Total Expenditures</b>	<b>\$2,254,001</b>	<b>\$1,513,940</b>	<b>\$1,446,256</b>
<b>Net Revenue for Fiscal Year</b>	<b>\$1,129,002</b>	<b>\$517,293</b>	<b>\$276,691</b>

**Bank & Credit Union Special Fund**  
**Fiscal Years Ending June 30<sup>th</sup>**

<b>REVENUE</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Bank & Credit Union Assessments	\$3,294,781	\$3,259,809	\$3,392,945
Non-Depository Trust Company Assessments	\$221,087	\$168,957	\$177,688
Depository Amendment and Filing Fees	\$29,700	\$47,379	\$43,440
Miscellaneous Income/Other	\$20,456	\$133	\$26,761
<b>Total Revenue</b>	<b>\$3,566,024</b>	<b>\$3,476,278</b>	<b>\$3,640,834</b>
<b>EXPENDITURES</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Salaries and Benefits	\$1,785,913	\$1,898,863	\$1,989,954
Technical and Special Fees	\$177,856	\$225,929	\$263,519
Communication	\$42,145	\$41,145	\$27,401
Travel/Training	\$260,619	\$211,257	\$273,443
Lease Expense, Parking Facilities	\$7,393	\$6,470	\$4,620
Contractual Services	\$189,739	\$197,857	\$23,867
Supplies and Materials	\$10,144	\$9,245	\$22,965
Equipment	\$3,870	\$4,034	\$582
Fixed Charges, Rent	\$203,267	\$163,832	\$140,982
Administrative Expenses	\$392,050	\$442,797	\$554,400
<b>Total Expenditures</b>	<b>\$3,072,998</b>	<b>\$3,201,430</b>	<b>\$3,301,735</b>
<b>Net Revenue for Fiscal Year</b>	<b>\$493,026</b>	<b>\$274,848</b>	<b>\$339,099</b>
<b>Year End Adjustment</b>			
<b>Special Fund Balance Carried Forward</b>	<b>\$1,844,696</b>	<b>\$2,119,544</b>	<b>\$2,458,644</b>

**Special Fund – Debt Management/Settlement  
Fiscal Years Ending June 30th**

<b>REVENUE</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Debt Management Licensing Fees	\$16,000	\$81,800	18,792
Debt Management Examination Fees	\$18,472	\$10,311	6,962
Miscellaneous Income/Other		(\$100)	(173)
<b>Total Revenue</b>	<b>\$34,472</b>	<b>\$92,011</b>	<b>\$25,581</b>
<b>EXPENDITURES</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Salaries and Benefits	77,776	79,187	85,113
Communication	356	445	913
Travel/Training	11,151	11,688	9,432
Lease Expense, Parking Facilities	924	924	924
Contractual Services	9	8	4
Fixed Charges, Rent	55	127	
Administrative Expenses	12,126	11,812	16,585
<b>Total Expenditures</b>	<b>\$102,397</b>	<b>\$104,191</b>	<b>\$112,972</b>
<b>Net Revenue for Fiscal Year</b>	<b>(\$67,925)</b>	<b>(\$12,180)</b>	<b>(\$87,391)</b>
<b>Special Fund Balance Carried Forward</b>	<b>\$44,812</b>	<b>\$32,632</b>	<b>(\$54,759)</b>

**Special Fund – Money Transmitters  
Fiscal Years Ending June 30<sup>th</sup>**

<b>REVENUE</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Money Transmitter Licensing Fees	\$158,800	\$260,000	\$326,000
Money Transmitter Examination Fees	\$39,755	\$12,097	\$34,380
Miscellaneous Income/Other	(\$349)	(\$258)	(\$1)

<b>Total Revenue</b>	<b>\$198,206</b>	<b>\$271,839</b>	<b>\$360,379</b>
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<b>EXPENDITURES</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Salaries and Benefits	\$232,231	\$183,146	\$163,750
Technical and Special Fees			
Communication	\$798	\$902	\$1,653
Travel/Training	\$32,650	\$18,964	\$18,529
Lease Expense, Parking Facilities	\$2,794	\$2,772	\$1,848
Contractual Services	\$26	\$24	\$8
Supplies and Materials		\$97	\$112
Equipment		\$536	
Fixed Charges, Rent	\$1,609	\$959	\$3,547
Administrative Expenses	\$33,763	\$26,106	\$26,326

<b>Total Expenditures</b>	<b>\$303,871</b>	<b>\$233,505</b>	<b>\$215,773</b>
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<b>Net Revenue for Fiscal Year</b>	<b>(\$105,666)</b>	<b>\$38,334</b>	<b>\$144,606</b>
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<b>Special Fund Balance Carried Forward</b>	<b>\$1,949</b>	<b>\$40,284</b>	<b>\$184,890</b>
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**Special Fund – Mortgage Lender/Originator  
Fiscal Years Ending June 30<sup>th</sup>**

<b>REVENUE</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Mortgage Licensing Fees	\$4,485,925	\$5,132,573	\$5,186,629
Mortgage Examination Fees	\$255,847	\$242,849	\$310,497
Miscellaneous Income/Other	\$244,148	\$5,212	\$26,409
<b>HB 72- BRFA*</b>			<b>(\$3,000,000)</b>
<b>Total Revenue</b>	<b>\$4,985,920</b>	<b>\$5,380,634</b>	<b>\$2,523,535</b>

<b>EXPENDITURES</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Salaries and Benefits	\$1,800,995	\$2,570,533	\$3,102,605
Technical and Special Fees	\$88,612	\$157,237	\$283,029
Communication	\$26,509	\$28,776	\$63,105
Travel/Training	\$34,172	\$39,045	\$45,571
Lease Expense, Parking Facilities	\$25,641	\$26,103	\$27,720
Contractual Services	\$231,164	\$252,522	\$84,716
Supplies and Materials	\$40,613	\$38,565	\$44,598
Equipment	\$63,378	\$29,528	\$25,015
Fixed Charges, Rent	\$157,512	\$124,073	\$160,833
Administrative Expenses	\$300,836	\$375,785	\$541,205
<b>Total Expenditures</b>	<b>\$2,769,433</b>	<b>\$3,642,168</b>	<b>\$4,378,398</b>

<b>Net Revenue for Fiscal Year</b>	\$2,216,488	\$1,738,466	(\$1,854,863)
<b>Special Fund Balance Carried Forward</b>	\$3,572,703	\$5,311,169	\$3,456,306

\*The General Assembly passed the 2015 Budget Reconciliation Financing Act which reduced various Special Fund Accounts.



**Attorneys General Mortgage Servicers Settlement  
Special Fund  
Fiscal Years Ending June 30<sup>th</sup>**

<b>REVENUE</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Settlement Reimbursement	\$179,714	\$589,496	\$530,576
Accrued Revenue	0	0	\$212,479

<b>Total Revenue</b>	<b>\$179,714</b>	<b>\$589,496</b>	<b>\$743,055</b>
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<b>EXPENDITURES</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Salaries and Benefits	\$132,266	\$480,749	\$572,946
Technical and Special Fees	\$20,924	\$48,170	\$103,950
Communication	\$1,244	\$3,217	\$2,688
Travel/Training	\$798	\$18,268	\$29,818
Utilities	\$0		
Parking Facilities	\$1,386	\$2,541	\$3,696
Contractual Services	\$4,444	\$31,043	\$13,583
Supplies and Materials	\$119	\$383	\$1,363
Equipment	\$18,359		\$12,600
Fixed Charges, Rent	\$174	\$5,126	\$2,411

<b>Total Expenditures</b>	<b>\$179,714</b>	<b>\$589,496</b>	<b>\$743,055</b>
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<b>Cumulative Expenditures</b>	<b>\$179,714</b>	<b>\$769,210</b>	<b>\$1,512,265</b>
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<b>Grant Remaining</b>	<b>\$1,958,286</b>	<b>\$1,368,790</b>	<b>\$625,735</b>
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**Special Fund - Mortgage Foreclosure Mediation  
Fiscal Years Ending June 30<sup>th</sup>**

<b>REVENUE</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Miscellaneous Income/Other (Reimbursed)	\$116,956	\$47,774	\$26,293
Accrued Revenue			\$12,609
<b>Total Revenue</b>	<b>\$116,956</b>	<b>\$47,774</b>	<b>\$38,902</b>
<b>EXPENDITURES</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Salaries and Benefits	\$0	\$0	
Technical and Special Fees	\$41,991	\$0	
Communication	\$53,502	\$44,904	\$25,808
Travel/Training	\$1,876	\$0	
Contractual Services	\$19,480	\$2,870	\$2,550
Fixed Charges, Rent	\$107	\$0	
Administrative Expenses			\$10,545
<b>Total Expenditures</b>	<b>\$116,956</b>	<b>\$47,774</b>	<b>\$38,902</b>
<b>Net Revenue for Fiscal Year</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Special Fund Balance Carried Forward</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Special Fund – Foreclosed Property Registry  
Fiscal Years Ending June 30<sup>th</sup>**

<b>REVENUE</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Foreclosure Registrations	\$235,100	\$1,078,200	\$1,105,800
Miscellaneous Income/Other	\$19	\$5,837	\$15,209
<b>Total Revenue</b>	<b>\$235,119</b>	<b>\$1,084,037</b>	<b>\$1,121,009</b>
<b>EXPENDITURES</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Salaries and Benefits	\$49,617	\$88,200	\$185,127
Communication	\$218	\$1,264	\$60,798
Travel/Training	\$0	\$839	\$2,276
Lease Expense, Parking Facilities	\$0	\$1,617	\$4,632
Contractual Services	\$59,012	\$2,957	\$1,848
Supplies and Materials	\$528	\$7,260	\$6,967
Equipment	\$0	\$13,063	\$797
Fixed Charges, Rent	\$2,016	\$1,243	\$304
Administrative Expenses			\$53,909
<b>Total Expenditures</b>	<b>\$111,390</b>	<b>\$116,443</b>	<b>\$316,659</b>
<b>Net Revenue for Fiscal Year</b>	<b>\$123,729</b>	<b>\$967,594</b>	<b>\$804,349</b>
<b>Special Fund Balance Carried Forward</b>	<b>\$123,729</b>	<b>\$1,091,323</b>	<b>\$1,895,673</b>

**Federal Mortgage Fraud Grant  
Fiscal Years Ending June 30<sup>th</sup>\***

<b>REVENUE</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Miscellaneous Income/Other-Grant Revenue	\$253,089	\$36,832	\$0
<b>Total Revenue</b>	<b>\$253,089</b>	<b>\$36,832</b>	<b>\$0</b>
<b>EXPENDITURES</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Salaries and Benefits	\$147,610	\$24,180	\$0
Technical and Special Fees	\$71,370	\$0	\$0
Communication	\$252	\$0	\$0
Travel/Training	\$4,125	\$12,421	\$0
Utilities	\$0	\$0	\$0
Lease Expense, Parking Facilities	\$2,541	\$231	\$0
Contractual Services	\$26,009	\$0	\$0
Supplies and Materials	\$431	\$0	\$0
Equipment	\$0	\$0	\$0
Fixed Charges, Rent	\$751	\$0	\$0
Administrative Expenses			
<b>Total Expenditures</b>	<b>\$253,089</b>	<b>\$36,832</b>	<b>\$0</b>
<b>Net Revenue for Fiscal Year</b>	<b>(\$0)</b>	<b>\$0</b>	<b>\$0</b>
<b>Special Fund Balance Carried Forward</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*This grant expired in FY 2013, however, the Grant Administrator allowed the Commissioner to expend the remaining funds left on the grant during FY 2014.

# MANAGEMENT ORGANIZATION CHART

As of December 1, 2015

**Gordon M. Cooley**  
Commissioner

**Teresa M. Louro**  
Acting Deputy Commissioner

**Jedd R. Bellman**  
Assistant Commissioner  
Enforcement and Compliance

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

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

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

**Vacant**  
Assistant Commissioner  
Licensing & Consumer Services

**Michael J. Jackson**  
Director  
Consumer Services Unit

**Meredith Mishaga**  
Director  
Foreclosure Outreach

**Juan M. Sempertegui**  
Director  
Licensing (Non-Depository)

**Christine A. Brooks**  
Director  
Mortgage Examination

**Sabrina S. Brown**  
Director - Non-  
Mortgage Compliance Unit

**Clifford J. Charland**  
Director  
Mortgage Examination Process

**Charis Taylor**  
Director  
Mortgage Servicing

# MARYLAND COLLECTION AGENCY LICENSING BOARD

**As of December 1, 2015**

The Maryland Collection Agency Licensing Board (“MCALB” or “the Board”) was established by the legislature in 1957 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 of Financial Regulation serves as Chairman of the Board. The Board issues licenses, addresses written complaints, conducts hearings on alleged violations, mediates disputes, and issues orders requiring collection agencies to correct violations. The Board informs both licensees and the public about abusive debt collection practices.

## **Board Members**

**Gordon M. Cooley**  
Chairman

**Stephen D. Hannan**  
Consumer Member

**Susan Hayes**  
Industry Member

**Eric Friedman**  
Consumer Member

**Joanne Young**  
Industry Member

# HISTORICAL LIST OF COMMISSIONERS

As of December 31, 2015

NAME	FROM	TO
<b>Gordon M. Cooley</b>	2014	Present
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

\* 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.

# HISTORICAL LIST OF DEPUTY COMMISSIONERS

As of December 31, 2015

NAME	FROM	TO
<b>Teresa M. Louro (Acting)</b>	2015	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 title from Deputy Bank Commissioner to Deputy Commissioner of Financial Regulation.