STATE OF MARYLAND

DEPARTMENT OF LABOR, LICENSING AND REGULATION

OFFICE OF THE COMMISSIONER OF FINANCIAL REGULATION

COMMISSIONER OF FINANCIAL REGULATION
STATE OF MARYLAND
1910

ANNUAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2018

Presented to:

Larry Hogan, Governor

Boyd K. Rutherford, Lt. Governor

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

500 N. CALVERT STREET, SUITE 402
BALTIMORE, MARYLAND 21202
https://www.dllr.state.md.us/finance/

Charter

License

Register

Supervise

Regulate

Supervise 48 banks, credit unions, and trust companies

Monetary recoveries of over $19 million for Maryland consumers

Supervise over 17,000 non-depository licensees, with over 4,000 new licensees for the FY

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Safety, Soundness, Protection: About the Office

About Us

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

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

The Commissioner and staff regularly provide support and information about, financial regulatory matters to other state agencies and the Maryland General Assembly.

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

Mission Statement

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

State Collection Agency Licensing Board

The State Collection Agency Licensing Board ("Board") was established by the Legislature in 1977 and resides within the Office. The Board has statutory responsibility for the licensing and regulation of collection agencies operating in Maryland. The Governor, with the consent of the Senate, appoints the four-member board, consisting of two consumer representatives and two industry representatives. The Commissioner serves as Chairman of the Board. The Board remains committed to accomplishing its original objective of industry compliance with state law, while promoting a safe and sound collection industry in the state. The Board, which meets quarterly, informs both licensees and the public about abusive debt collection practices and continues to actively work together for the good of all Marylanders as it collaborates, and addresses issues brought before the Board, for the fair regulation of the collection industry. Board members serving during Fiscal Year ("FY") 2018 were:

Antonio P. Salazar
Chairman

Eric Friedman
Consumer Member

Stephen Hannan
Consumer Member

Susan Hayes
Industry Member

Joanne Young
Industry Member

The Board met on a quarterly basis during the fiscal year to discuss emerging issues, licensing activities, supervision issues, enforcement activities, written complaints, and other matters pertinent to the work of Board. Office staff continued to handle the licensing, investigative, enforcement, consumer complaint processing, and outreach activity on behalf of the Board.

With the Office's assistance, a total of 1,495 collection agency licenses were transitioned to the Nationwide Multistate Licensing System ("NMLS") system in FY 2018 pursuant to the requirement set out in House Bill ("HB")182 (253 Md. Laws 2017). That total is greater than all other transitioning license types combined. At the end of FY 2018, the Board licensed 1,549 collection agencies and associated branch offices representing a decrease of 145 from the total number of licensed agencies and associated branch offices at the end of FY 2017.

The Board, through the Office's Enforcement Unit, continued to actively investigate possible violations of debt collection laws and bring enforcement actions when warranted. In FY 2018, Board issued three final orders to cease and desist from engaging in debt collection activity in the state resulting in the imposition of $1,483 in restitution. The Board investigated and mediated 181 consumer complaints regarding debt collection practices in FY 2018.

To remain connected to nationwide trends, information sharing, and multi-state activities, Board continues to actively participate in the North American Collection Agency Regulatory Association ("NACARA"). NACARA is a trade association made up of regulator members with the primary purpose of ensuring fair and equitable administration and enforcement of collection regulatory laws. In FY 2018, the Commissioner continued to have an employee appointee on NACARA's Executive Committee. That employee was re-elected as Vice-President of the organization in October 2017. Additionally, in FY 2018, a staff member was re-appointed as Chair for the NACARA Annual Conference Planning Committee. These appointments, along with the continued participation in discussions surrounding multi-state coordination, ensure that Board plays an active role within the state regulatory community and provides meaningful input into coordinated debt collection supervision nationwide.

Commissioner’s Comments

Message from the Commissioner

FY 2018 represented a period of transition for the Office. It was a time of transition not only because of the change in Commissioners, but also because several senior and long-standing staff members retired or left the Office, including the Assistant Commissioner for Administration, the Directors of the Enforcement and Consumer Services Units, and several senior non-depository examiners. Notwithstanding these transitions, the Office continued to successfully pursue its mission of supervising the activities of the financial services industry under its regulatory authority and of protecting Maryland consumers all while promoting fair competition and encouraging innovative business development in support of Maryland's economy.

As the fiscal year progressed, the Office's vacancies were filled and the Office was reorganized to increase management efficiency, focus on data and policy collection and analysis, and expand outreach activity to consumers and regulated industries. The Office also prepared to take on the FY 2019 responsibilities of managing the student loan ombudsman function mandated by HB 1634/ SB 1068 (Ch.732 Md. Laws 2018), commonly known as "The Financial Consumer Protection Act of 2018" that was passed by the General Assembly and signed into law by Governor Larry Hogan on May 15, 2018.

(In April 2018, 30 Financial Regulation Banking Examiners and Compliance Examiners participated in a training course jointly for the first time.)

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

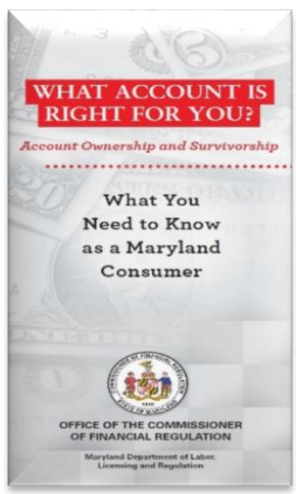
Mr. Salazar has more than 30 years of experience in banking law, commercial financing transactions, loan restructurings and work-outs, real estate and general business law transactions.

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

On the legislative front, Governor Hogan signed two bills that had been proposed by the Office; HB 848, regarding the registration and supervision of credit reporting agencies, and HB 187, concerning the funding of and uses for the Non-Depository Special Fund. During the course of FY 2018, the Commissioner also served as a member of two legislative Commissions; the Maryland Commission on Financial Education and Capability and the Maryland Financial Consumer Protection Commission each of which prepared and submitted a report as required by Maryland law. Finally, during the latter part of the fiscal year, the Office was engaged in preparing a report on the availability of credit in the sub- and near-prime consumer personal loan market in Maryland from FY 2014 to FY 2017 for Maryland General Assembly's Budget Committees. That report was due October 1, 2018.

Maryland's economy continued to strengthen throughout FY 2018 and Maryland-chartered financial institutions participated in that success. During FY 2018, the overwhelming majority of Maryland chartered financial institutions experienced growth, produced healthy earnings, and, as a result, were well-capitalized. Non-depository institutions also generally experienced increases in their businesses and the Office saw an increase in the number of licensed entities and individuals.

In FY 2018, the Office undertook a conscious effort to promote awareness of the need for recognizing and preventing elder financial abuse. To that end, the Office collaborated with the Maryland Insurance Administration, the Office of the Attorney General, the Maryland Bankers Association and the MD/DC Credit Union Association, to create a "plain language" pamphlet that could be made available to the public through the branches of financial institutions and on their websites. The pamphlet provides elder consumers with information on the implications of adding someone to their financial accounts and questions to ask when they open an account. The goal of the initiative was to bring greater awareness to elder consumers, trusted people in their lives, and the financial institutions that are tasked with safeguarding their money. The pamphlet is called "What Account is Right for You? Account Ownership and Survivorship" and upon completion, it was distributed to financial institutions throughout the State.



Office of the Commissioner of Financial Regulation Senior Management as of June 30, 2018:

Antonio P. Salazar
Commissioner

Teresa M. Louro
Deputy Commissioner

Jedd R. Bellman
Assistant Commissioner
Non-Depository Supervision

Marcia A. Ryan
Assistant Commissioner
Depository Corporate Activities

Frieda M.A. McWilliams
Director of Administration

Vacant,
Assistant Commissioner
Policy and Consumer Services

The Commissioner and other staff members promoted the message of increasing awareness of elder financial abuse throughout the year including through a special statement of the Commissioner coinciding with World Elder Abuse Awareness day in June, 2018.

As FY 2018 came to a close, the Office was continuing to collaborate with non-profit groups and other state agencies on creating initiatives and pertinent materials to promote awareness of the need for recognizing and preventing elder financial abuse.

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

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

Overall, in FY 2018, the Office successfully managed through significant organizational changes while continuing to handle its responsibilities to the citizens of the State of Maryland.

The State of Maryland

Proclamation

From the Governor of the State of Maryland

WORLD ELDER ABUSE AWARENESS DAY
JUNE 15, 2018

WHEREAS, The State of Maryland is home to more than two million individuals 50 years of age and older; and

WHEREAS, In 2006, the International Network for the Prevention of Elder Abuse, in support of the United Nations International Plan of Action, proclaimed a day to recognize the significance of elder abuse as a public health and human rights issue; and

WHEREAS, It is estimated that an older adult is abused every five seconds. Elder abuse is an under-reported problem that has devastating and life threatening consequences; and

WHEREAS, In 2017, officials at the State and local levels received, investigated or assisted with more than 10,000 reports of abuse, neglect, self-neglect, exploitation or domestic violence; and

WHEREAS, Marylander's older adults should be treated with dignity and respect in recognition of their lifelong commitment, investment and contributions to the State; and

WHEREAS, Maryland is pleased to focus attention on heightening awareness, understanding, and sensitivity about the issue of elder abuse as Maryland's older adults deserve our highest respect, protection, and caring.

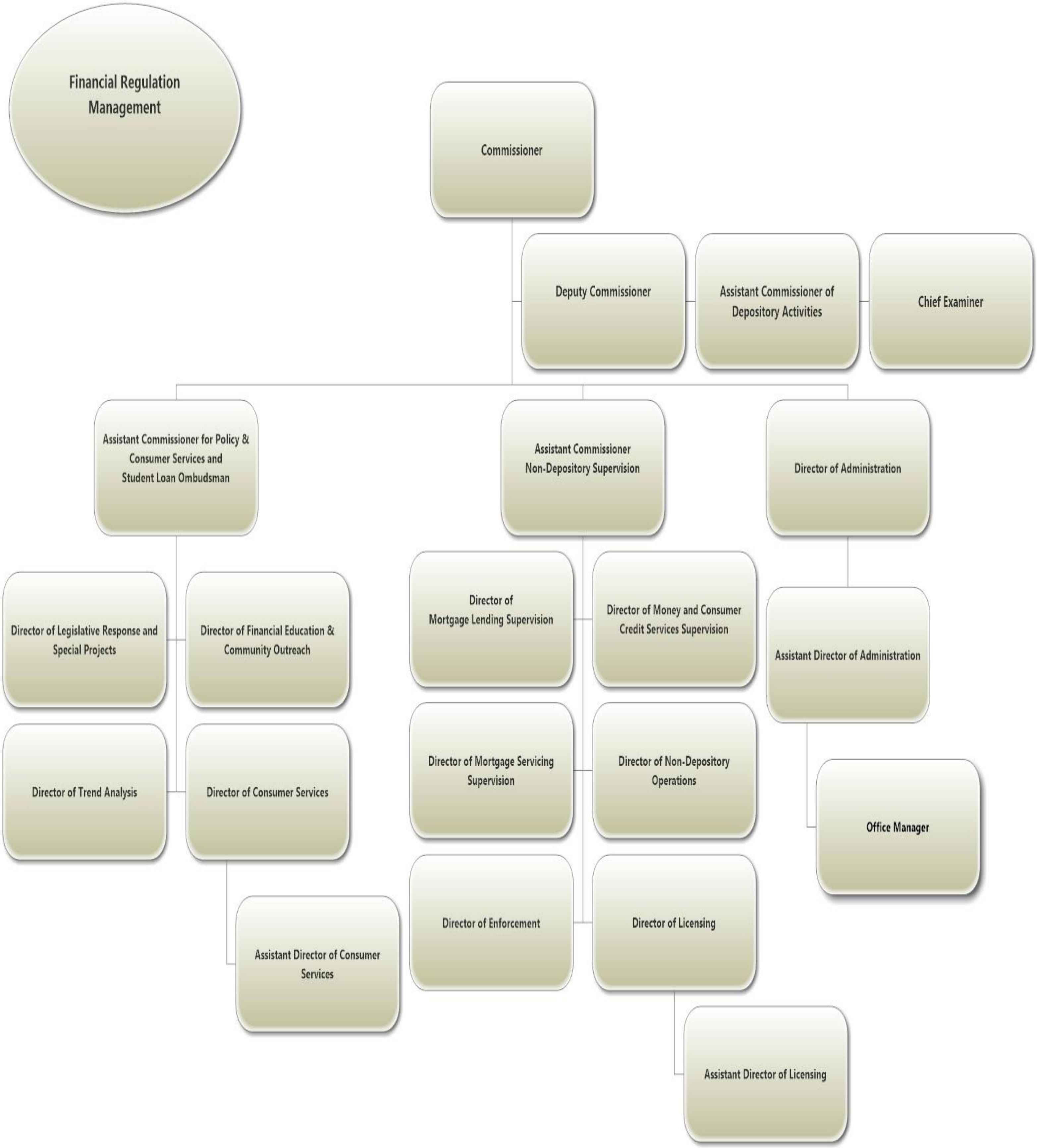
NOW, THEREFORE, I, LAWRENCE J. HOGAN, JR., GOVERNOR OF THE STATE OF MARYLAND, do hereby proclaim JUNE 15, 2018 as WORLD ELDER ABUSE AWARENESS DAY in Maryland and call upon the people of our state to join in this observance.

Governor

Lt. Governor

Secretary of State

Office Organizational Chart



Fiscal Year Highlights

Summary of Fiscal Year 2018 Highlights

Continued increase in capital levels, strong earnings, and declining levels of non-performing assets among state chartered banks

Completed transition of all remaing licensees to Nationwide Multistate Licensing System (NMLS) system

Complaint volume decreased 9.63%. Complaints down for the sixth year, decreasing by 60%

Declining foreclousres in Maryland

Upgrades and improvements being made to the Foreclosed Property Registry

Office self-funding: transferred licensing fees and revenue paid to the Office from General Fund to the Non-Depository Special Fund

During FY 2018 the Office continued to promote a safe and healthy financial services system and to protect Maryland consumers through examinations, investigations, outreach, complaint resolution, and enforcement activity to address violations of law.

Banks and Credit Unions: Increasing capital levels, strong earnings, and declining levels of non-performing assets were the continuing trend among Maryland-chartered banks and credit unions during FY 2018. Consolidation activity continued during the fiscal year with the number of banks under supervision declining by five (5) and the number of credit unions by one (1). Notwithstanding the consolidation, assets under supervision in the state system continued to grow.

Transition to the Nationwide Multistate Licensing System: In accordance with Chapter 253, 2017 Laws of Maryland, passed by the General Assembly and signed by Governor Hogan, the Office transitioned its check cashing services, collection agency, consumer loan, credit services business, debt management services, installment loan, and sales finance licensing to the NMLS during the fiscal year. The transition of these license categories means that the Office now utilizes NMLS for all licenses it issues. NMLS simplifies the licensing process for businesses and individuals by creating a single, dynamic record for each applicant, accessible to all states using NMLS, and utilizing this record in place of most license application and renewal forms. The system aids regulators by providing transparency across state lines, and provides consumers with access to certain public information regarding licensed businesses and individuals.

Consumer Complaints: Complaint volume decreased 9.63% from FY 2017 to FY 2018. Complaints were down for the sixth year, decreasing over 60% during this time frame. This downward trend continues to indicate that companies are more compliant across all industries regulated by the Commissioner, outreach by the Office is more effective, and the economy has continued to show improvement for consumers.

Foreclosure: The Office continues to administer the Notice of Intent to Foreclose electronic system and the Foreclosed Property Registry ("Registry"). The number of entries in these online databases is at the lowest levels since their inception (in 2011 and 2012, respectively), indicating that foreclosures in Maryland may be reaching levels associated with normal economic conditions. The Office continued its outreach to homeowners facing foreclosure, sending out nearly 65,000 resource packets. The Office continued providing outreach and assistance to local governments using the Registry, which logs information about foreclosure sales for purposes of assisting code enforcement in property maintenance and preventing neighborhood decay.

New entries in the Registry are down over 28% from FY2017 to 8,195. The Office increased the pace of development work on an overhaul of both databases to streamline internal processes, improve user-friendliness of the websites, and incorporate additional requirements mandated by 2017 legislation. Completion of the work is expected within the statutorily mandated deadlines.

Agency Funding: Pursuant to HB187, on June 1, 2018, general funds that were received from licensing and examining collection agencies, consumer lenders, installment lenders, sales finance companies, check cashing services, and credit services businesses began being credited to the Non-Depository Special Fund.

Accreditation

High-Quality Standards and Performance

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

The Office received Mortgage Supervision accreditation from the CSBS and the American Association of Residential Mortgage Regulators ("AARMR") through their Accreditation Program, on August 31, 2016. Maryland is one of only 24 states to receive this distinction. This Accreditation Program is designed to encourage the standardization of regulation and supervision of state licensed mortgage brokers, lenders and servicers, as well as identify weaknesses, and capitalize on the strengths of all state mortgage examination units. This accreditation recognizes the Office's ability to effectively carry out its responsibilities of licensing and supervising State regulated mortgage lending activities, of ensuring industry safety and soundness, legal and regulatory compliance, and providing responsive service. The Office continues to submit annual assessment updates to retain accreditation.

Accreditations

CSBS
Conference of State Bank Supervisors

1992
Granted accreditation for regulation of state-chartered banks. Recertification received in 2017.

2016
Received mortgage supervision accreditation

AARMR
American Association of Residential Mortgage Regulators

2016
Received mortgage supervision accreditation

Legislative Summary

Changing Legal Environment

During the 2018 legislative session, the Department of Labor, Licensing and Regulation ("DLLR") put forth legislation and provided technical support on other legislation focused on improving the Office's efficiency and promoting a safe and healthy financial services industry while protecting Maryland consumers. The following laws were passed during the 2018 session of the Maryland legislature.

HB 187 Financial Institutions – Non-Depository Special Fund - Expansion
Effective date: June 1, 2018
This law was proposed by the Office. The law provides for the transferring of licensing fees and revenue paid to Financial Regulation from the General Fund to the Non-Depository Special Fund and provides that the Non-Depository Special Fund is to be spent to cover, among other things, the direct and indirect costs of fulfilling the regulatory and statutory duties of the Commissioner and State Collection Agency Licensing Board under relevant Maryland law.

HB 848 Commissioner of Financial Regulation - Consumer Reporting Agencies
Effective date: October 1, 2018
This law permits the Commissioner to require consumer credit reporting agencies to register yearly through the NMLS as may be required by the Commissioner; requires submission of a bond or alternative, as determined by the Commissioner, as a condition of registration; enhances the Commissioner's investigatory powers and allows the Commissioner to take certain actions against consumer reporting agencies; includes supervision of credit reporting agencies as an authorized use of the Non-Depository special fund.

HB 1511/ SB566 Credit Regulation - Mortgage Brokers - Finder's Fee
Effective date: October 1, 2018
Under this law, mortgage brokers who obtain a loan more than once on a property in a 24-month period may receive up to a cumulative 8% in finder's fees. Compliance with this provision is subject to review by the Commissioner.

SB 755 Credit Regulation - Escrow Accounts - Water and Sewer Facilities Assessments
Effective date: October 1, 2018
This law allows a borrower to authorize an escrow account solely for the payment of water and sewage assessments. The lender must have been paid an amount sufficient to make the payment and have the bill in hand. The establishment of the escrow account is at the option of the lending institution. Compliance with this provision by state chartered or licensed lenders is subject to review by the Commissioner.

HB 710/ SB202 Consumer Protection - Credit Report Security Freezes - Notice and Fees

Effective date: October 1, 2018

Under this law, credit reporting agencies now offer free security freezes and thaws for life. Compliance with this provision is subject to review by the Commissioner.

HB 1634/ SB1068 Financial Consumer Protection Act of 2018

Effective date: October 1, 2018

This law enhances the Commissioner's regulatory and penalty powers and allows the Commissioner to take certain actions in case of violations of law. The law allows the Commissioner to bring certain actions under Dodd-Frank provisions, provides for additional funding to the Office of the Commissioner for enforcement activity, establishes a student loan ombudsman in the Office of the Commissioner to oversee provisions of the bill concerning student loan servicers, requires the Commissioner to report on the implementation and effectiveness of the ombudsman position and to study the Office's ability to regulate fintech firms and to also issue a report thereon.

SB 42 Courts – Consumer Debt Collection Actions – Statute of Limitations

Effective date: October 1, 2018

This law establishes that a payment toward, oral or written mention of, or any action toward a debt does not extend the limitations period on a debt. Compliance with this provision by state chartered or licensed lenders or debt collectors is subject to review by the Commissioner.

HB 78/ SB 222 Foreclosed Property Registry - Updated Information- Notice to Local Governments

Effective date: January 1, 2019

Under this law, DLLR is to modify its internet based Foreclosed Property Registry, establish procedures for foreclosure purchasers to submit any changes to certain information to the registry, and create a process of sending notices of changes to authorized Registry users.

HB 1297 Commercial Law - Consumer Loans and Credit - Miscellaneous Provisions

Effective date: January 1, 2019

This law states that unlicensed people cannot make a covered loan. Loans under $25,000 (rather than $6,000) are now subject to small loan lending requirements in Maryland Consumer Loan Law. This law prohibits someone from lending $25,000 or less if they are not licensed or exempt from Maryland Consumer Loan Law. Violations result in a loan becoming void and unenforceable.

Depository Supervision

Healthy State-Chartered Financial Institutions

The Office supervises 48 institutions, of which 35 are Maryland state chartered banks, seven 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 experienced a prosperous year, with a strong economy and robust lending. Maryland state-chartered banks have improved asset quality, stronger earnings and increased equity capital.

Merger and acquisition activity continued in FY 2018. As a result of that activity there were 35 state-chartered banks at the end of FY 2018, down from the 40 that existed at the end of FY 2017. Despite the reduction in the number of banks, total assets under supervision grew during the fiscal year approximately 16% from $34 billion to $39.4 billion due to strong loan demand and organic growth. Capital held by state-chartered banks increased approximately 26% from $3.9 billion to $4.9 billion, over the same period. That increase came about through internal equity accretion and/or capital raises. Along with growth, asset quality continued to improve with non-performing assets decreasing from 0.85% in FY 2017 to 0.77% in FY 2018, a significant improvement from 1.08% in FY 2016. Banks achieved better earnings performance with overall return on assets ("ROA") continuously increasing from 0.85% in FY 2015, 0.94% in FY 2016, 1.03% in FY 2017 and to 1.21% in FY 2018. Maryland banks continue to play a vital role in the economy, particularly in terms of lending to consumers and small businesses and serving the banking community.

In May 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act was signed into federal law resulting in the examination cycle of banks with total assets between $1 billion and $3 billion and a 1 or 2 composite rating changing from 12 months to 18 months. The change affected eight Maryland state-chartered banks. Safety and soundness examinations are full scope, and include assessing banks' capital, asset quality, earnings, liquidity, management, sensitivity to market risk, and risk management practices with a heavy focus on commercial real estate and liquidity concentration.

In FY 2018, the overall improvement in bank performance resulted in bank CAMELS component rating upgrades, as well as composite upgrades for Maryland state-chartered banks. Information technology and cybersecurity continue to be a hot topic, keeping bankers ever vigilant with constantly changing technology. During FY 2018, the Office issued one formal enforcement action to address weaknesses and regulatory concerns. Enhanced regulatory supervision and oversight continues to include: 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.

In FY 2019, Maryland state-chartered banks will continue to manage through a gradual rising interest rate environment, strong loan growth, less on-balance sheet liquidity and more reliance on volatile funding, and tightened net interest margins, all while striving to operate efficiently. Hot topics include elder abuse, medicinal marijuana, and succession planning for both management and boards of directors. Interest rate risk, the proposed Current Expected Credit Loss Standard (CECL) set for 2020, and the Bank Secrecy Act (BSA) will continue to receive attention. The Office is committed to assisting banks in managing these areas. The Commissioner and Deputy Commissioner remain in active dialogue with bank management teams throughout the state and regularly seek and participate in outreach events.

Credit Unions

The credit union industry has also benefitted from a strong economy. As in the case of state-chartered banks, the current economic environment continues to have a positive impact on credit union trends.

The Office supervises seven Maryland state-chartered credit unions, as well as ASI, a private provider of credit union deposit insurance. In FY 2017, the Office supervised eight credit unions, of which one was acquired in FY 2018 by a federally-chartered credit union. Of the seven credit unions, six are federally insured through the National Credit Union Share Insurance Fund, and the other credit union is insured by ASI. Each credit union receives a full scope on-site examination, supplemented by a quarterly off-site monitoring program. Targeted visitations are also performed, as deemed necessary.

Overall, in FY 2018, credit unions' total assets increased to $5.9 billion (+4.62%), total loans increased to $4.5 billion (+7.65%), shares and deposits increased to $5.1 billion (+4.05%) and total capital increased to $624 million (+2.95%). Net worth represents 10.95% of total assets, net interest margins improved and credit unions continue to operate profitably, as reflected in an ROA of 0.65%.

Non-Depository Trust Companies

Maryland's four state-chartered non-depository trust companies have also benefited from a strong economy. Managed and non-managed assets continue to grow with total assets-under-management increasing from $329 billion in FY 2017 to $386 billion in FY 2018, with continued growth expected. Safety and soundness examinations are full scope focusing on asset management, earnings, capital, management, operations, internal controls and audit, BSA, compliance, information technology, and cybersecurity, as well as hard-to-value assets. These 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, 2018 & 2017 (in thousands)

ASSETS	FY 2018	FY 2017	% Change
Cash & Balances Due from Depository Institutions:			
Non-Interest Bearing & Currency/Coin	$444,117	$457,821	(2.99%)
Interest Bearing Balances	$1,294,956	$1,321,848	(2.03%)
Securities	$3,922,176	$3,820,310	2.67%
Federal Funds Sold and Securities Purchased Under Agreements to Sell	$72,644	$81,393	(10.75%)
Loans and Leases, Net of Unearned Income	$31,067,419	$26,405,546	17.65%
(Allowance for Loan and Lease Losses)	($270,952)	($263,253)	2.92%
Trading Account Assets	$9,679	$11,508	(15.89%)
Premises and Fixed Assets (including capitalized leases)	$380,793	$373,671	1.91%
Other Real Estate Owned	$66,141	$80,950	(18.29%)
Intangible Assets	$938,106	$450,738	108.13%
Other Assets	$1,213,153	$1,014,757	19.55%
Total Assets	$39,409,185	$34,018,542	15.85%
LIABILITIES			
Total Deposits	$30,921,037	$27,478,399	12.53%
Federal Funds Purchased & Repurchase Agreements	$408,163	$456,732	(10.63%)
Trading Liabilities	$9,679	$5,444	77.79%
Subordinated Debt	$30,664	$30,560	0.34%
Other Borrowed Funds	$2,896,398	$1,962,747	47.57%
Other Liabilities	$232,616	$195,648	18.90%
Total Liabilities	$34,498,557	$30,129,530	14.50%
EQUITY CAPITAL			
Perpetual Preferred Stock	$1,785	$37,268	(95.21%)
Common Stock	$231,749	$271,827	(14.74%)
Surplus	$2,922,160	$2,071,432	41.07%
Undivided Profits and Capital Reserves	$1,754,934	$1,508,484	16.34%
Total Equity Capital	$4,910,628	$3,889,011	26.27%
Total Liabilities and Equity	$39,409,185	$34,018,541	15.85%

Ratios from Consolidated Statements of Financial Condition of All State-Chartered Banks
Fiscal Years 2016-2018

Period Ended June 30th	FY 2018	FY 2017	FY 2016
Return on Assets	1.21%	1.03%	0.94%
Net Interest Margin	3.94%	3.77%	3.76%
Total Loans to Total Deposits	100.47%	96.10%	94.32%
Total Loans to Core Deposits	116.43%	111.85%	108.54%
Total Loans to Total Assets	78.83%	77.62%	76.80%
ALLL to Total Loans	0.87%	0.99%	1.06%
Noncurrent Loans to Total Loans	0.76%	0.78%	1.00%
Tier 1 Leverage Capital	10.74%	10.59%	9.95%
Tier 1 Risk-Based Capital	12.40%	12.40%	11.90%
Total Risk-Based Capital	13.30%	13.41%	13.02%
Common Equity Tier 1 Capital	12.40%	12.26%	11.75%

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

Year	Total Assets	Total Loans	Securities	Total Deposits	Total Capital
2018	$39,409,185	$31,067,419	$3,922,176	$30,921,037	$4,910,628
2017	$34,018,542	$26,405,546	$3,820,310	$27,478,399	$3,889,011
2016	$30,855,474	$23,696,672	$3,825,527	$25,124,361	$3,369,988
2015	$28,478,385	$21,060,087	$3,933,505	$23,258,555	$3,184,490
2014	$25,528,399	$18,403,723	$3,985,378	$20,778,710	$2,795,578
2013	$25,085,295	$17,541,355	$4,261,162	$20,630,717	$2,607,918
2012	$24,878,161	$17,398,087	$4,128,600	$20,394,192	$2,560,059

Trust Assets Reported by State-Chartered Trust Companies
Fiscal Year Ended June 30, 2018
(in thousands)

Full Service Trust Companies	Managed	Non-Managed	Custodial	Total
First United Bank & Trust	$769,602	$66,371	$2,800	$838,773
Sandy Spring Bank	$1,261,521	$139,584	$20,229	$1,421,334
Total Assets - Full Service Trust Companies	$2,031,123	$205,955	$23,029	$2,260,107
Non-Depository Trust Companies	Managed	Non-Managed	Custodial	Total
Brown Investment Advisory and Trust Co.	$5,874,003	$766,207	$0	$6,640,210
Chevy Chase Trust Company	$10,682,066	$19,806,396	$3,411,158	$33,899,620
New Tower Trust Company	$10,289,872	$0	$0	$10,289,872
T. Rowe Price Trust Company	$126,102,566	$209,137,429	$0	$335,239,995
Total Assets - Non-Depository Trust Companies	$152,948,507	$229,710,032	$3,411,158	$386,069,697
Grand Total - Full Service & Non-Depository Trust Companies	$154,979,630	$229,915,987	$3,434,187	$388,329,804

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

ASSETS	FY 2018	FY 2017	% Change
Cash & Balances Due From Depository Inst.	$424,573	$409,893	3.58%
Investments & Securities	$744,401	$835,132	-10.86%
Total Loans	$4,491,816	$4,172,460	7.65%
Allowance for Loan and Lease Losses	($35,694)	($33,049)	8.00%
Premises and Fixed Assets	$72,061	$75,716	-4.83%
Other Assets	$200,760	$177,565	13.06%
Total Assets	$5,897,917	$5,637,718	4.62%
LIABILITIES			
Members' Shares and Deposits	$5,148,133	$4,947,779	4.05%
Borrowed Money	$70,614	$37,880	86.41%
Other Liabilities	$54,960	$51,758	6.19%
Total Liabilities	$5,273,708	$5,037,417	4.69%
Total Net Worth	$624,210	$606,295	2.95%
Total Liabilities and Equity	$5,897,917	$5,637,718	4.62%

Ratios from Consolidated Statements of Financial Condition – All State-Chartered Credit Unions
Fiscal Years 2018 and 2017

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

Selected Balance Sheet Items – State-Chartered Credit Unions
As of June 30, 2018
(in thousands)

	Total Assets	Total Loans	Shares & Deposits	Total Capital
ASI Private Share Insurance				
Post Office Credit Union of MD, Inc.	$31,210	$5,071	$22,743	$8,422
National Credit Union Share Insurance				
Central Credit Union of MD, Inc.	$42,180	$15,095	$37,736	$4,241
Destinations Credit Union	$61,300	$30,834	$52,608	$8,147
HAR-CO Credit Union	$195,751	$118,994	$176,265	$18,604
Municipal Employees Credit Union of Baltimore, Inc.	$1,176,607	$726,193	$1,000,491	$135,833
Point Breeze Credit Union	$775,445	$424,560	$667,501	$105,556
State Employees Credit Union of MD, Inc.	$3,615,423	$3,171,068	$3,190,789	$343,407
Total All State Chartered Credit Unions	$5,897,917	$4,491,816	$5,148,133	$624,210

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

Year	Total Assets	Total Loans	Shares & Deposits	Total Capital
2018	$5,897,917	$4,491,816	$5,148,133	$624,210
2017	$5,637,718	$4,172,460	$4,947,779	$606,295
2016	$5,343,323	$3,759,515	$4,692,960	$586,882
2015	$5,209,730	$3,416,507	$4,572,049	$561,533
2014	$5,089,764	$3,151,477	$4,466,368	$532,551
2013	$4,845,974	$2,987,325	$4,241,898	$485,439
2012	$4,602,641	$2,773,682	$4,001,697	$471,070

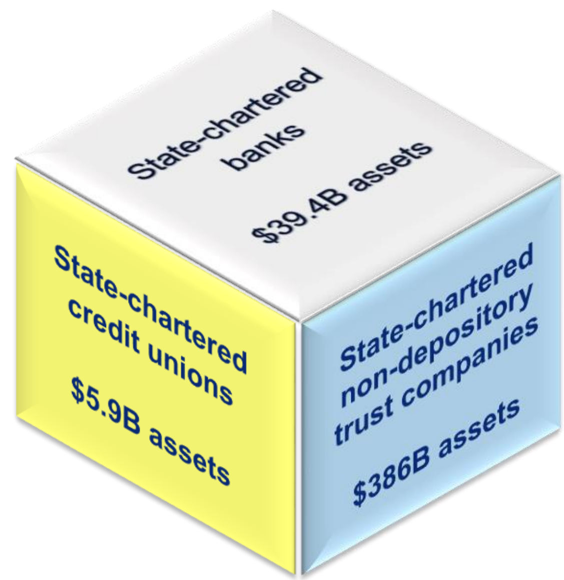
***FY 2017 balances updated from FY 2017 Annual Report to reflect subsequent prior period adjustments.**

Depository Corporate Activities

Ongoing Interest in the Maryland Bank Charter

The Office began the fiscal year with regulatory responsibility for forty banks with combined assets of $34.02 billion. As of June 30, 2018, following several mergers and charter conversions, the total number of Maryland-chartered banks decreased to thirty-five, though combined assets increased to $39.4 billion. The Office also has regulatory responsibility for four Maryland-chartered non-depository trust companies with over $386 billion in trust assets; seven state-chartered credit unions, with combined assets of $5.9 billion; and one not-for-profit Small Business Administration (SBA) guaranteed lending corporation.

Applications were received throughout the fiscal year from Maryland-chartered institutions seeking approval to implement various corporate changes to their organizations or to expand their business activities, including applications to convert two federal savings banks to Maryland bank charters; ten mergers; one bank affiliate; two wild card proposals; twelve new branches; twelve representative office permits; two credit union charity foundations; and a wide range of other corporate restructuring and/or proposed activities from Maryland chartered banks, credit unions, and trust companies as well as from out-of-state financial institutions interested in conducting business in Maryland.



There was a slight increase in the overall volume of corporate applications received this fiscal year over last year. The Office continues to see a small, but steady number of bank merger applications and expects to see some additional consolidation in the industry in the next few years.

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

- BayVanguard Federal Savings Bank - The Office was pleased to approve the charter conversion application of BayVanguard, which converted from a federal savings bank to a State-chartered savings bank. The Office looks forward to BayVanguard joining Maryland's state banking system later this calendar year upon receiving final approval from the FDIC. The Bank, which was originally established in 1814, is still headquartered in Baltimore. As of June 30, 2018, the Bank has assets of $167 million, with one branch in Baltimore City, and additional branches in Baltimore (2 branches) and Anne Arundel (1 branch) counties. The Office looks forward to working with this long-established community bank as they continue to provide essential financial services and other beneficial support to their local community.

- Near the end of the fiscal year, the Office began to see an increase in contacts from groups with inquiries about the process to establish a de novo bank in Maryland. While these discussions are still in the early stages, the Office looks forward to working with these potential organizers in the coming year as part of the Office's commitment to ensure the availability of vibrant and healthy state-chartered financial institutions to meet the expanding needs of Maryland consumers and businesses.

- 35 state-chartered commercial and savings banks
- 7 state-chartered credit unions
- 4 state-chartered non-depository trust companies
- 11 national and federal savings banks HQ in MD

List of State-Chartered Financial Institutions

State-Chartered Commercial Banks and Savings Banks
Principal Location, Assets, and CRA Ratings
As of June 30, 2018

Bank Name	Principal Location	Total Assets (in thousands)	No. of Branches	CRA Rating
Bank of Glen Burnie	Glen Burnie	$401,448	8	Satisfactory
Bank of Ocean City	Ocean City	$339,802	6	Satisfactory
Calvin B. Taylor Banking Company	Berlin	$526,858	11	Satisfactory
Carroll Community Bank	Sykesville	$192,341	3	Outstanding
Cecil Bank	Elkton	$209,504	7	Satisfactory
CFG Community Bank	Baltimore	$809,373	3	Satisfactory
Chesapeake Bank and Trust Co	Chestertown	$96,375	3	Satisfactory
Colombo Bank	Rockville	$191,611	5	Satisfactory
Columbia Bank	Columbia	$2,504,817	31	Satisfactory
Community Bank of the Chesapeake	Waldorf	$1,583,403	13	Satisfactory
Congressional Bank	Potomac	$994,304	5	Satisfactory
EagleBank	Bethesda	$7,870,576	20	Satisfactory
1880 Bank	Cambridge	$343,830	6	Satisfactory
Farmers and Merchants Bank	Upperco	$412,653	7	Satisfactory
Farmers Bank of Willards	Willards	$374,695	8	Satisfactory
First United Bank and Trust	Oakland	$1,303,769	24	Satisfactory
Frederick County Bank	Frederick	$424,254	5	Satisfactory
Glen Burnie Mutual Savings Bank	Glen Burnie	$96,184	1	Satisfactory
Hamilton Bank	Towson	$520,816	7	Satisfactory
Harbor Bank of Maryland	Baltimore	$285,866	7	Satisfactory
Harford Bank	Aberdeen	$351,292	8	Satisfactory
Hebron Savings Bank	Hebron	$583,817	13	Satisfactory
Howard Bank	Ellicott City	$2,182,330	21	Satisfactory
Kopernik Bank	Baltimore	$157,729	3	Satisfactory
Maryland Financial Bank	Towson	$54,555	1	N/A
Middletown Valley Bank	Middletown	$392,987	7	Satisfactory
North Arundel Savings Bank	Pasadena	$43,871	1	Satisfactory
Old Line Bank	Bowie	$12,931,629	39	Satisfactory
Peoples Bank, The	Chestertown	$240,778	7	Outstanding
Provident State Bank, Inc.	Preston	$437,162	10	Satisfactory
Queenstown Bank of Maryland	Queenstown	$475,531	8	Satisfactory
Revere Bank	Laurel	$475,531	11	Satisfactory
Sandy Spring Bank	Olney	$8,136,805	55	Satisfactory
Shore United Bank	Easton	$1,434,580	21	Satisfactory
Woodsboro Bank	Woodsboro	$253,321	7	Satisfactory
Total: 35		$39,409,185	392	

State-Chartered Credit Unions
Assets and Field of Membership Type
As of June 30, 2018

Credit Union Name	Principal Location	Total Assets	No. of Branches	Field of Membership Type
Central Credit Union of Maryland	Towson	$42,180,416	2	Multiple Common Bond
Destinations Credit Union	Parkville	$61,299,813	2	Multiple Common Bond
HAR-CO Credit Union	Bel Air	$195,750,881	3	Multiple Common Bond
Municipal Employees Credit Union of Baltimore (MECU)	Baltimore	$1,176,607,327	11	Multiple Common Bond
Point Breeze Credit Union	Hunt Valley	$775,445,297	5	Multiple Common Bond
Post Office Credit Union of MD, Inc.	Baltimore	$31,210,079	1	Single Common Bond
State Employees Credit Union of Maryland, Inc. (SECU)	Linthicum	$3,615,423,395	22	Multiple Common Bond
Total: 7		$5,897,917,208	46	

State-Chartered Non-Depository Trust Companies
Location and Business Type
As of June 30, 2018

Trust Company Name	Principal Location	Trust/Fiduciary Business Purpose
Brown Investment Advisory and Trust Co.	Baltimore	Investment Advisory Services
Chevy Chase Trust	Bethesda	Investment Management/ Financial Planning
New Tower Trust Company	Bethesda	Trustee for Multi-Employer Property Trust
T. Rowe Price Trust Company	Baltimore	Investment Management
Total: 4		

National Banks and Federal Savings Banks Headquartered in Maryland
Principal Location and Total Assets
As of June 30, 2018

Bank	Principal Location	Type of Charter	Total Assets (in thousands)
Arundel Federal Savings Bank	Glen Burnie, MD	FSB	$443,481
Capital Bank, N.A.	Rockville, MD	NB	$1,062,095
Chesapeake Bank of Maryland	Parkville, MD	FSB	$184,177
Eastern Savings Bank, FSB	Hunt Valley, MD	FSB	$329,151
First Shore Federal Savings & Loan Assoc.	Salisbury, MD	FSB	$300,780
Homewood Federal Savings Bank	Baltimore, MD	FSB	$55,699
Jarrettsville Federal Savings &Loan Assoc.	Jarrettsville, MD	FSB	$124,364
Madison Bank of Maryland	Forest Hill, MD	FSB	$149,946
Presidential Bank, FSB	Bethesda, MD	FSB	$528,079
Rosedale Federal Savings &Loan Assoc.	Nottingham, MD	FSB	$962,743
Severn Savings Bank, FSB	Annapolis, MD	FSB	$816,920
Total: 11			$4,957,435

Banks, Credit Unions, and Trust Companies
Activity on Select Applications
Fiscal Year Ended June 30, 2018

CHARTER CONVERSIONS

Institution Name	Main Office	Former Name	Approval
HAMILTON BANK To convert from a federally-chartered capital stock savings bank to a State-chartered commercial bank	Baltimore, MD	Hamilton Bank	11/13/17
BAYVANGUARD BANK To convert from a federally-chartered capital stock savings bank to a State-chartered savings bank	Baltimore, MD	Bay-Vanguard Federal Savings Bank	06/21/18

MERGERS and ACQUISITIONS

Surviving Institution Main Location	Merged/Acquired Institution Main Location	Approval
ROSEDALE FEDERAL S&L ASSOCIATION Nottingham, MD	Midstate Community Bank Baltimore, MD	09/08/17
COMMUNITY BANK of the CHESAPEAKE Waldorf, MD	County First Bank LaPlata, MD	11/13/17
SANDY SPRING BANCORP, INC. Olney, MD	WashingtonFirst Bankshares, Inc. Reston, VA	11/15/17
SANDY SPRING BANK Olney, MD	WashingtonFirst Bank Baltimore, MD	11/15/17
HOWARD BANCORP, INC. Ellicott City, MD	First Mariner Bank. Baltimore, MD	02/01/18
HOWARD BANK Ellicott City, MD	First Mariner Bank Baltimore, MD	02/01/18
OLD LINE BANCSHARES, INC. Bowie, MD	Bay Bank Bancorp, Inc. Columbia, MD	03/09/18
OLD LINE BANK Bowie, MD	Bay Bank Columbia, MD	03/09/18
FVC BANKCORP, INC. Fairfax, VA	Colombo Bank Rockville, MD	Pending
FVC BANK Fairfax, VA	Colombo Bank Rockville, MD	Pending

AFFILIATES

Institution Name Main Location	Affiliate	Approval
CONGRESSIONAL Damascus, MD	Alliance Partners, LLC Damascus, MD	01/16/18

Licensing

Opening Doors for Business

The Licensing Unit ("Unit") is responsible for the licensing and registration of financial services providers, including mortgage lenders, brokers, servicers, and originators, money transmitters, check cashers, debt management services providers, debt settlement services providers, consumer lenders, installment loan companies, sales finance companies, credit service businesses, credit reporting agencies, and collection agencies. At the end of FY 2018, the Office licensed 17,700 individuals and business entities and registered 65 individuals and business entities. During FY 2018, the Unit increased its overall number of licensed individuals and business entities. The overall increase was driven primarily by new applications for mortgage lender and mortgage loan originator licenses, but also included increases in the number of consumer loan, credit services business, money transmitter, sales finance, and installment loan licenses.

The Unit continued to fully utilize the Nationwide Multistate Licensing System ("NMLS") for mortgage lender, mortgage loan originator and money transmitter applications, renewal applications, and other licensing requests. The system provides:

- Cost savings through having NMLS receive and process state fees
- More complete maintenance of electronic records
- Ease of coordination with other participating state agencies
- A single, centralized record for each company, shared by Maryland and other states utilizing the system, resulting in streamlined submission and processing of license applications and renewal requests
- Better protection for consumers by weeding out bad players in the industries covered

On July 1, 2017, a new law (253 Md. Laws 2017) took effect, requiring, among other things, that all remaining entities licensed by the Office, including debt management services providers, check cashers, consumer lenders, installment loan companies, sales finance companies, credit service businesses, and collection agencies, transfer their licensing information to the NMLS. The transition to the NMLS brings operational efficiencies to the Unit, reduces regulatory burden, and improves customer service.

To facilitate this transition, licensees were required to enter certain information into the NMLS system, and to upload certain records to the system, within a two-month transition period established by the Commissioner; the Commissioner designated August 1, 2017 through September 30, 2017 as the transition period. The Office regularly and continually reached out to industry, both directly and through various organizations, to ensure that the affected businesses were aware of the requirements of the law and had the opportunity to participate in training on the use of the NMLS system. The outreach began before the start of the transition period and continued throughout the two-month period and beyond. Approximately 2,800 licenses were transitioned to NMLS as part of this process. Additionally, on August 1, 2017, the Unit began processing all new license applications through the NMLS system. This means that the Unit has fully integrated all licensing activity into and through the NMLS.

In conjunction with the standardization of certain surety bond requirements (479 Md. Laws 2017), and the transition to the NMLS, the Unit began accepting electronic surety bonds through the NMLS on August 1, 2017, with new applicants mandated to obtain electronic surety bonds to meet state bonding requirements. By utilizing electronic surety bond functionality through the NMLS, the Unit has realized greater efficiencies for the licensing process by allowing for the centralized tracking of surety bond requirements and the maintenance of surety bond information validated by authorized surety companies and/or surety bond producers. By the end of FY 2018, approximately 57% of all required surety bonds were in the electronic format.

As part of the Office's ongoing efforts to improve processes, the Unit continued its comprehensive review, initiated in FY 2017, of all policies, procedures, and protocols with the goal of streamlining outdated practices, eliminating redundant or unnecessary practices and maximizing overall efficiency in the licensing process while ensuring the necessary information is obtained to meet statutory obligations and to protect consumers. As part of this project, a new and updated licensing manual is in development, and will provide better and more consistent operations and will update training tools to better ensure staff consistency. This project is expected to be completed in FY 2019.

AFFILIATED INSURANCE PRODUCER ORIGINATOR
New FY18: 11
Total FY18: 73

CHECK CASHERS
New FY18: 23
Total FY18: 300

COLLECTION AGENCIES
New FY18: 218
Total FY18: 1,549

CREDIT SERVICES BUSINESS
New FY18: 13
Total FY18: 33

INSTALLMENT LOAN LENDERS
New FY18: 31
Total FY18: 174

MORTGAGE LOAN ORIGINATORS
New FY18: 3,631
Total FY18: 11,900

DEBT MANAGEMENT
New FY18: 1
Total FY18: 23

CONSUMER LENDERS
New FY18: 34
Total FY18: 195

MONEY TRANSMITTERS
New FY18: 27
Total FY18: 171

SALES FINANCE
New FY18: 148
Total FY18: 829

MORTGAGE LENDERS / BROKERS & SERVICERS
New FY18: 553
Total FY18: 2,438
**Total Registered exempt lenders: 15*

FY18

4,690
New
Licensees

17,700
Total
Licensees

CREDIT REPORTING AGENCIES
New FY18: 6
Total FY18: 37

DEBT SETTLEMENT
New FY18: 3
Total FY18: 28

FY18

9 New
Registrants

65 Total
Registrants

Fiscal Year 2017 and 2018 License Comparison

New Business Licensees and Total Business Licensees by Category: FY2017 and FY2018

License category	New Licensees FY 2018	New Licensees FY 2017	Total Licensees FY 2018	Total Licensees FY 2017
Affiliated Insurance Producer-Mortgage Loan Originator	**11**	14	**73**	65
Check Casher	**23**	53	**300**	375
Collection Agency	**218**	158	**1,549**	1,694
Consumer Loan	**34**	25	**195**	183
Credit Service Business	**13**	8	**33**	21
Debt Management	**1**	0	**23**	28
Installment Loan	**31**	22	**174**	167
Money Transmitter	**27**	5	**171**	149
Mortgage Lender	**553**	715	**2,438**	2,340
Mortgage Loan Originator	**3631**	4,092	**11,900**	11,321
Registered Exempt Mtg. Lender	**0**	0	**15**	15
Sales Finance	**148**	103	**829**	820
TOTAL	4,690	5,195	17,700	17,178

New Business Registrants and Total Business Registrants by Category: FY2017 and FY2018

License category	New Registrants FY 2018	New Registrants FY 2017	Total Registrants FY 2018	Total Registrants FY 2017
Credit Reporting Agencies	**6**	17	**37**	39
Debt Settlement Services	**3**	9	**28**	31
TOTAL	9	26	65	70

Non-Depository Supervision

Evaluating Safety and Soundness

The Non-Depository Supervision Unit (the "Unit") supervises the more than 11,900 licensed individuals and 5,700 licensed business entities that provide credit and other financial services to Maryland consumers. These financial service providers include, but are not limited to, mortgage lenders, brokers, servicers, and originators, money transmitters, debt management services providers, collection agencies, credit reporting agencies, check cashers, credit service businesses, and installment loan companies.

In FY 2018, the Unit continued to refine improvements made to its examination and investigation management system started during FY 2016, improving upon the system's tracking and reporting capabilities. The updates to the system have further enhanced the ability of the Unit to more efficiently and effectively monitor the progress of examinations and investigations, the scheduling of those examinations and investigations, and the overall workflow of the Unit.

The Non-Depository Operations Committee ("Committee") makes recommendations for consideration by a unit within non-depository supervision or as otherwise required by the Commissioner. The Committee is currently engaged in a project to identify data which will assist in more effectively managing the operations of the units within the Office and aid in more effectively identifying external trends of concern to the Commissioner, and to develop a means of efficiently collecting, compiling, and reporting the data.

Mortgage Supervision

The Unit supervises the business activities of licensed mortgage lenders, brokers, servicers, and loan originators operating in the State. The Unit is responsible for conducting compliance and risk-based 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, require complex review and analysis. In addition to Maryland lending and credit laws, examiners evaluate compliance with other federal and state laws, such as 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. In FY 2018, the Unit timely commenced 100% of the total examinations that came due during the fiscal year, and completed examination of 192 business entities, representing a total of 436 licenses. The Unit increased its staff by two examiners during the fiscal year.

The Unit continues to take an active role in multi-state examinations of mortgage lenders, brokers, and/or servicers. In FY 2018, the Unit participated in two joint examinations with other states under the auspices of AARMR and CSBS' Multi-State Mortgage Committee ("MMC"). The Unit also continued to coordinate and share examination findings with the Bureau of Consumer Financial Protection under the terms of a 2013 coordination framework.

In FY 2018, the unit completed its comprehensive review of the regulations pertaining to mortgage lending and servicing in the State, met with various stakeholders, and completed its draft of revised regulations. This revision 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 FY 2019 begins, the unit is making final preparations to publish the proposed revision.

As discussed above, the Office previously received mortgage supervision accreditation as administered and assessed through the AARMR/CSBS accreditation program. Accreditation is valid for five years, and the Office provides annual updates to AARMR and CSBS. In the annual update provided during FY 2018, the Office was able to report on the successful development and implementation of process upgrades surrounding automated reporting and tracking of additional examination data, which process upgrades had been recommended by the accreditation team during the FY 2017 initial accreditation process.

Employees of the Unit continue to maintain their professional competence through training and awareness of legislative updates. The Unit's more tenured Examiners continue to maintain Certified Mortgage Examiner certifications issued by CSBS, and three achieved the more advanced Certified Senior Mortgage Examiner designation during FY 2018. One examiner received the additional designation of Certified Fraud Examiner. Additionally, the Unit sent five examiners to AARMR's Spring 2018 Training School in Louisville, Kentucky, which focused on the topic of mortgage fraud, and sent one examiner to a training school conducted by the Association of Certified Fraud Examiners.

In FY 2018, the Unit continued to have an employee appointee on the Multi-State Mortgage Committee, and had an employee re-elected to another term as an officer and member of the Board of Directors of AARMR. This representation, along with the continued participation in MMC examinations, ensures that the Unit plays an active role within the state regulatory community and provides meaningful input into coordinated mortgage supervision nationwide. In addition, several examiners began participating in an on-line feedback process to aid the State Regulatory Registry, LLC, a CSBS subsidiary and owner of the NMLS, in the continuing development of an updated NMLS system and the development of the new State Examination System.

Money Transmission Supervision

Technological change and innovation continue at a rapid pace within the money transmission and payment industry, as companies continue to find new ways to meet consumers' needs. Among these changes is the increased availability of freestanding, self-service kiosks, which allow consumers to complete transactions without the assistance of a person. Additionally, the increasing use of cryptocurrencies continues to draw the attention of regulators in Maryland and elsewhere, who are working to determine to what extent certain transactions involving this financial medium should be regulated under its money transmission laws. Given the growth and the constantly evolving nature of the industry, and the risks to consumers if business is not conducted fairly and efficiently, the Office made the decision in FY 2018 to place increased emphasis on its oversight of money transmission.

In an effort to ensure the comprehensive and efficient supervision of this ever changing industry, Unit examiners continue to regularly participate in the Money Transmitter Regulators Association ("MTRA") joint examination committee where national licensees are strategically examined by a multi-state team of examiners; in FY 2018, the Unit participated in eight multi-state money transmitter examinations, representing a 100 percent increase from the previous fiscal year. Money transmitters are considered money service businesses under federal law and are thus required to adhere to 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 the U.S. Treasury Department's Financial Crimes Enforcement Network. The goal of these programs is to achieve consistency with BSA requirements and to deter money laundering

Given current examination authority, the Unit maintains a regular examination program for mortgage service providers and money transmitters. During FY 2018, the Unit's examination and investigation activity resulted in restitution to consumers of more than $297,000.

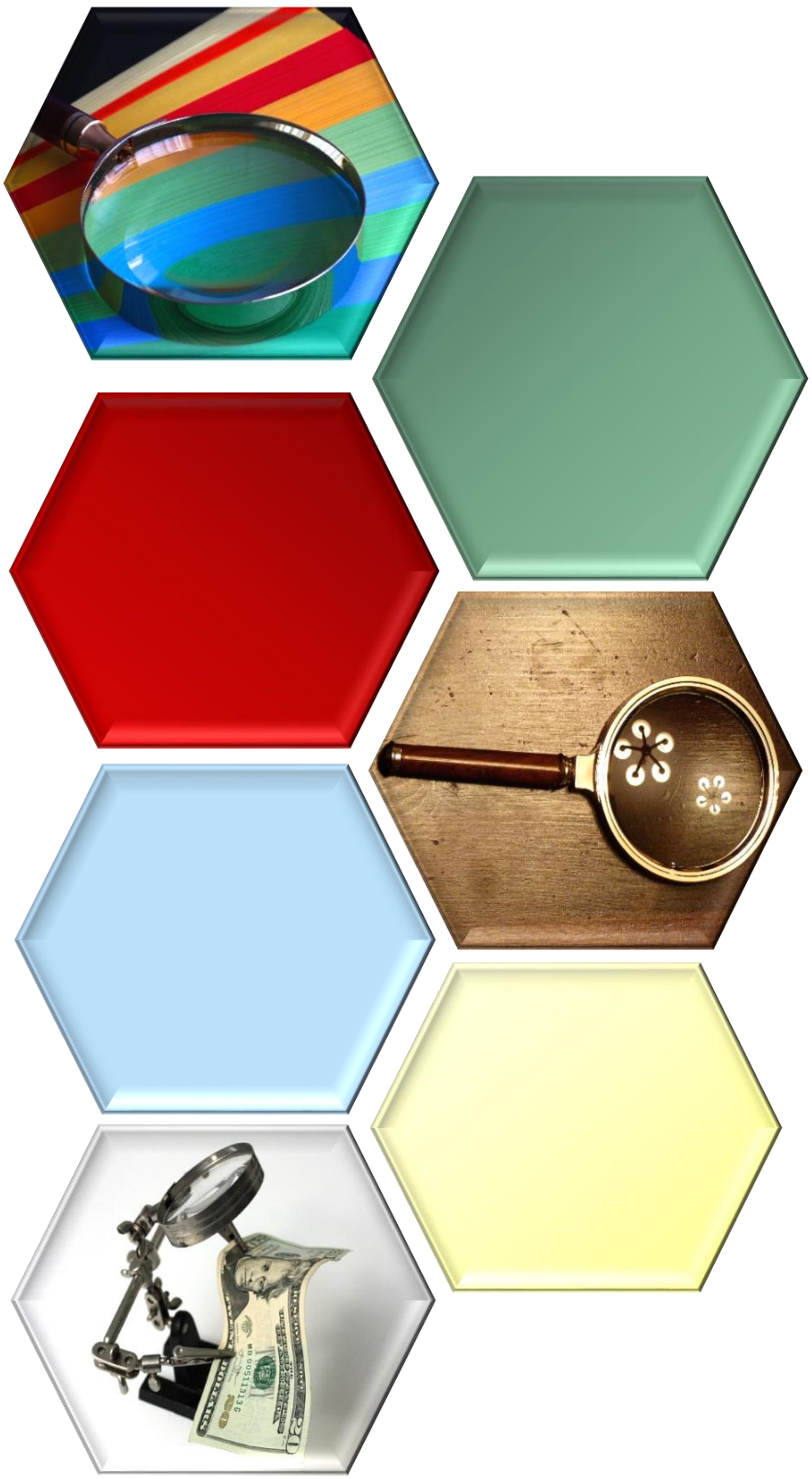
Employees of the Unit maintain professional development through training and industry updates. Unit Examiners maintain certifications issued by CSBS as Certified Money Service Examiners and the Association of Certified Fraud Examiners as Certified Fraud Examiners. Additionally, in FY 2018, two members of the Unit staff attended the MTRA Annual Conference and Training, and two attended the MTRA Advanced School.

During FY 2018, the Unit completed examination of 18 business entities, representing a total of 30 licenses and as part of its examination activity, conducted 139 authorized delegate site visits; both these totals represent significant increases over FY 2017's activities, and are evidence of the Office's greater focus on the money transmission industry.

Other Supervision Activity

The Unit continued to examine debt management companies during FY 2018, and through the efforts of the examination staff, the Unit completed examination of three business entities, representing a total of three licenses. The Unit will maintain a regular examination schedule for licensed debt management companies in FY 2019.

Similarly, the Unit continued to investigate check cashers during FY 2018, and through the efforts of the examination staff, the Unit completed investigations of 32 business entities, representing a total of 34 licenses. As those investigations have confirmed a steady improvement in compliance and the quality of check cashing services being furnished in the State over the past decade, the Unit plans to roll back its standing investigation of the industry with the goal of placing greater emphasis on industry training and outreach in FY 2019.



Enforcement

Monetary Recoveries

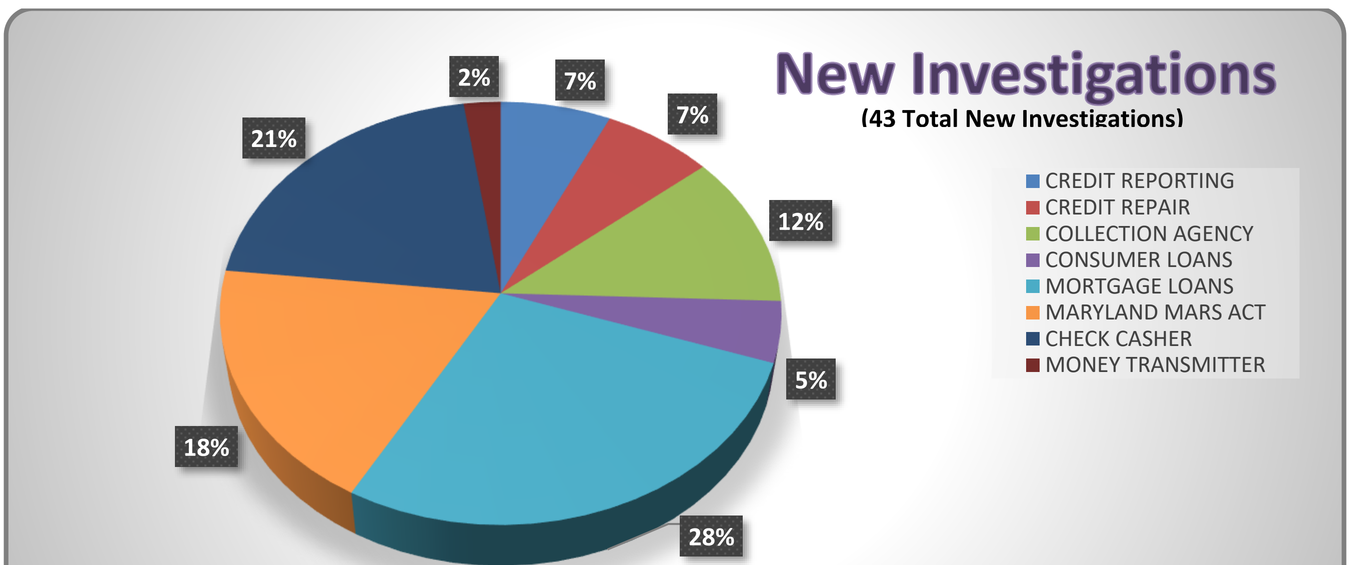
Investigation and Accountability

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

Performance Statistics

- Refunds/Restitution: $20,876,791.98
- Civil Penalties: $1,563,817.00
- Cash payments to borrowers: $76,000.00
- Investigative fees: $50,000.00
- Invoice Fees: $10,000.00

In FY 2018, the Unit experienced staff transition as the Unit's Director departed and a seasoned financial fraud examiner took a position with the federal government. Notwithstanding the flux in personnel, the Unit continued to meet its responsibilities during the transition period as the process of finding replacements proceeded. Additionally, the Unit continued to identify areas where it could improve its operations and more efficiently and effectively devote resources to meeting the Office's overall mission. Accomplishments towards this goal included evaluating, improving and streamlining systems used as a part of the investigative process. The Unit also continued to focus attention on better leveraging resources to efficiently and effectively tackle those matters of most importance. To that end, case consolidation continued, including the closing of non-viable cases and the referral of matters to other governmental agencies better equipped to handle the transferred cases.



***NOTE:** This graph does not include enforcement activity opened in as part of non-compliance with the FY2018 NMLS transition.*

In response to the data breach involving Equifax announced in FY 2018, the Office opened a broad investigation into the activity of credit reporting agencies in the state with a focus on evaluating their compliance with existing Maryland laws and regulations. Under Maryland's Credit Reporting Agencies statute (CRA Act), the Commissioner has broad investigative, enforcement and rule-making authority. The Commissioner's authority under the CRA Act revolves primarily around ensuring accuracy in the information collected by credit reporting agencies, the systems used to correct the consumer information that is maintained by the credit reporting agencies, and responding to consumer complaints. Pursuant to the authority contained in the CRA Act, past Commissioners have promulgated regulations requiring the registration of credit reporting agencies and governing additional aspects of the conduct of credit reporting agencies that operate in the State of Maryland. That investigation continues into FY 2019.

The Unit was also active in FY 2018 overseeing significant settlements involving mortgage servicing misconduct. Specifically, after an extensive investigation, the Office, in coordination with the Maryland Attorney General's Office, entered into a settlement agreements with Nationstar Mortgage LLC to resolve allegations that it charged homeowners illegal inspection fees. As part of the deal, Nationstar – one of the largest mortgage servicers in the country – agreed to cease collecting inspection fees, refund over $1 million to Maryland consumers, and pay civil monetary penalties of $490,000. In another matter involving Ocwen Financial Corporation and several of its subsidiaries, the Division resolved enforcement orders that had been issued based on systemic failures by the enterprise to identify, measure, monitor, and control risk associated with its rapid growth. The consent order provided for, in part, remedial activity to improve the overall risk management, infrastructure and systems of the enterprise, $273,500 in remediation to Maryland consumers, and a civil monetary penalty of $450,000 with an additional $1.45 million civil monetary penalty to be imposed should the enterprise fail to comply with specific enumerated requirements in the settlement.

The Unit coordinated the issuance of a final order against 1st Choice Document Preparation, LLC, Results for Homeowners, P.C., George L. Parker, Jr., and Brandon L. Kingcaid for illegal loss mitigation services activity involving residential mortgage loans. The order directed the respondents to pay $167,644 in restitution to impacted Maryland consumers.

In FY 2018, the Unit opened investigations involving what appear to be a wide variety of unique lending products that are sold, not as loans subject to Maryland's licensing and credit provisions by unlicensed entities, but as equity purchase transactions. Those investigations remain active and the Unit will continue to monitor in FY 2019 for new and similar products. The Unit continues to maintain and develop its relationships with local, state, and federal law enforcement officials.

Monetary Recoveries for Consumers; Fines and Penalties

Monetary recoveries for consumers and the imposition of civil monetary penalties ("CMPs") result from the Commissioner's ongoing commitment to protect the public from economic harm caused by misconduct by financial services providers. The Commissioner's activity resulted in recoveries for consumers of $19,725,342 and the issuance of CMPs of over $716,900.

Additionally, $9,150 of restitution was ordered to be paid to consumers; $13,000 in CMPs ordered to be paid to the state were determined to be uncollectible due to the financial condition of the responsible party and the cases were referred to the Central Collection Unit of the Department of Budget and Management for collection efforts. All CMPs collections and most CMPs related to the activities of unlicensed individuals and companies committing loan modification scams, mortgage compliance issues, and payday lending activities are paid into the state's General Fund.

Consumer Services

Community Outreach and Foreclosure Administration

Protecting and Educating Consumers

Complaint Category	FY2018
Collection Agencies	**181**
Non-Jurisdictional *	**220**
Mortgage	**221**
Credit Reporting Company	**80**
Consumer Loans	**108**
Maryland Bank & Credit Union	**80**
Miscellaneous	**68**
TOTAL ANNUAL COMPLAINTS	**958**

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

The Consumer Services Unit ("Unit") is responsible for addressing customer complaints against licensed and unlicensed entities and individuals subject to the Commissioner's jurisdiction. For every complaint received, the Unit's examiner staff conducts a thorough investigation of the issues raised with the goal, if possible, of bringing about an acceptable resolution to the Complaint. In FY 2018, the Unit received and investigated 958 complaints, a decrease of 9.63% from the previous fiscal year. While the number of complaints decreased, the overall complexity of the issues raised in these complaints remained constant given the ever-evolving financial services industries. A large proportion of the complaints revolved around home foreclosures and the collection of debt surrounding debt validation. The Unit also revised the consumer complaint form to gain better insight into the aggregate demographic data of complainants.

To ensure Maryland consumers' concerns are reviewed by an appropriate government agency, the Unit maintains strong working relationships with both state and federal partners. To that end, in FY 2018 the Unit coordinated access with the Office of the Comptroller of the Currency ("OCC") to an electronic portal for the efficient and expeditious referral of complaints involving national banks. The OCC, as the prudential regulator of national banks, is the agency with primary authority to handle complaints against its national institutions. The portal allows the Unit to send and confirm the receipt of complaints directly with the OCC without the cumbersome and less transparent process of utilizing postal mail. In FY2018, the Unit through its investigative and complaint resolution activity was successful in recovering $44,000 for Maryland consumers.

Community Outreach and Foreclosure Administration

The Outreach Unit is responsible for conducting outreach to a variety of audiences including consumers, industry, government partners, and other stakeholders regarding issue areas impacting the jurisdiction of the Office. Financial education responsibilities are geared towards connecting Maryland consumers to effective financial education opportunities, informing Maryland consumers of their rights under State law, and providing Maryland consumers with referral information about local consumer service providers. The Outreach Unit is also responsible for administering two statewide online foreclosure databases, the Maryland Foreclosed Property Registry ("Registry") and oversight of the Notice of Intent to Foreclose ("NOI") electronic system.

In FY 2018, Unit staff represented the Office at 25 outreach events, stakeholder meetings, and conferences. As part of the Unit's responsibilities to increase awareness of the Registry among Maryland's local officials, staff participated in the Maryland Housing Conference (MHC) and the annual conferences of the Maryland Municipal League ("MML"), the Maryland Association of Counties ("MACo"), and the Rural Maryland Council (RMC). At the MHC, MACo, and RMC conferences, Unit staff gave presentations to attendees on the foreclosure process and the Registry. The Unit also coordinated several meetings, at different locations in the State, between the Commissioner and senior Office staff and various state and local non-profit community groups where the Commissioner was able to provide updates of the Office's activities and hear directly from advocacy groups.

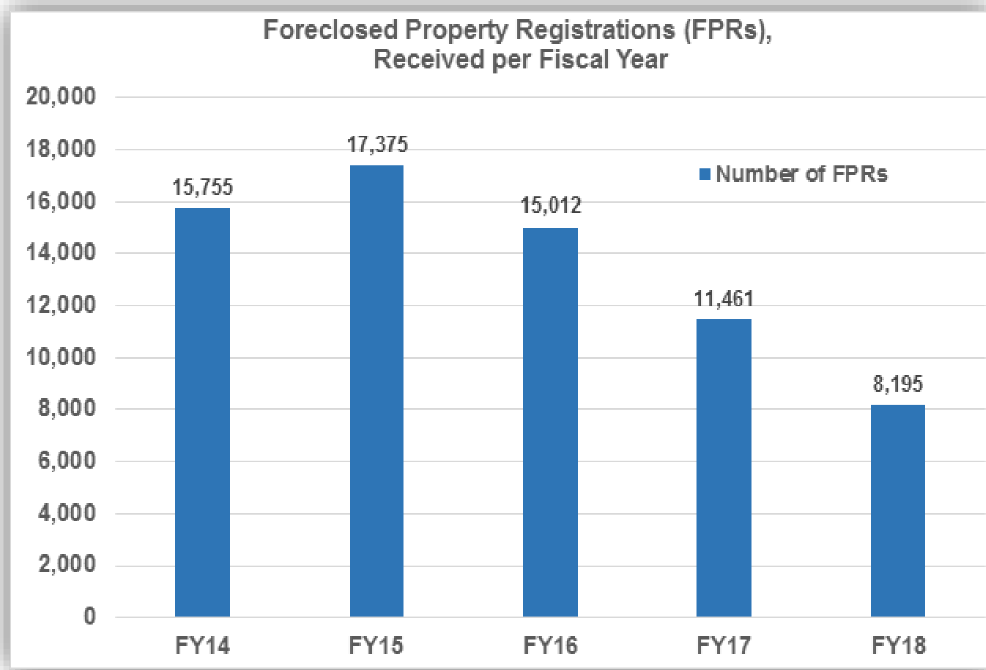
The Unit also provides information to consumers and consumer groups to increase their knowledge of consumer laws and protections. Highlighted events included participation in Consumer Protection Forums hosted by Attorney General Frosh and U.S. Senator Van Hollen; participation in the annual financial empowerment event "Money Power Day"; and participation in public events organized by other state agencies, such as the Maryland Department of Housing and Community Development "Mortgage Late Don't Wait" foreclosure-prevention event, the Maryland Insurance Administration Government Agency Days, and the Maryland Supplemental Retirement Plan Savings Expo. Unit staff also gave presentations to Maryland Area Agencies on Aging about reverse mortgages, to Maryland housing counseling and legal service agencies about the Office's complaint resolution process, and to financial education practitioners about the Office's jurisdiction and enforcement activities. Additionally, Unit staff represented the Office at meetings of the General Assembly's Financial Education & Capability Commission.

This year, the Office, and the Unit in particular, increased its focus on the issue of elder financial abuse and exploitation. Financial exploitation is the most prevalent form of elder abuse, and its frequency is expected to grow as our population ages. To further address this issue, the Unit spearheaded the creation of the brochure entitled "What Account is Right for You?", which provides information on the implications of adding someone to financial accounts and questions to ask when opening an account. Knowledge and awareness are the first steps to making informed decisions or getting help if financial abuse occurs.

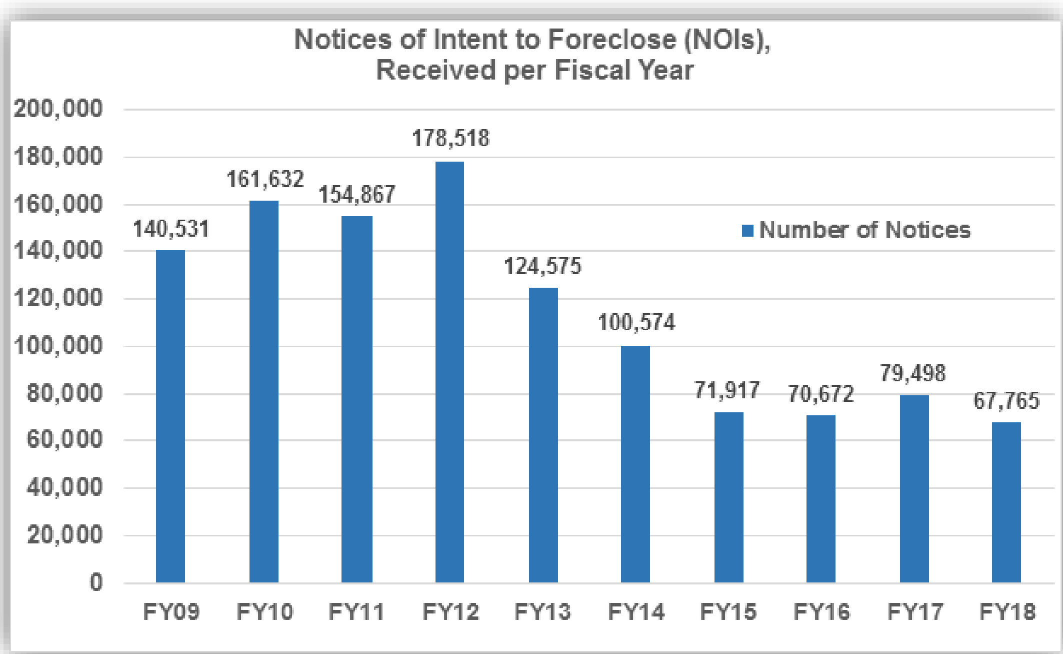
Foreclosure Administration

In FY 2018, Unit staff continued to work to improve the services provided by the Office as related to foreclosure and mortgage delinquencies in the State. The Unit manages two statewide online foreclosure databases, communicates with Maryland homeowners and industry agents, and represents the Office at federal, state, and local events.

A total of 310 local and state government officials have direct access to the Registry data; 20 of these users were added during FY 2018. As of June 30, 2018, there were 72,437 entries in the Registry. In FY 2018, the Unit received 8,195 registrations, which is a decrease of 3,266 from FY 2017. For the number of property registrations received each fiscal year, see below.



In FY 2018, the Office received 67,765 NOIs, which is a decrease of 11,733 from FY 2017. For the number of NOIs received by the Commissioner each fiscal year, see below.



In summary, the following chart lists the total numbers of NOIs and property registrations received by the Unit, per fiscal year.

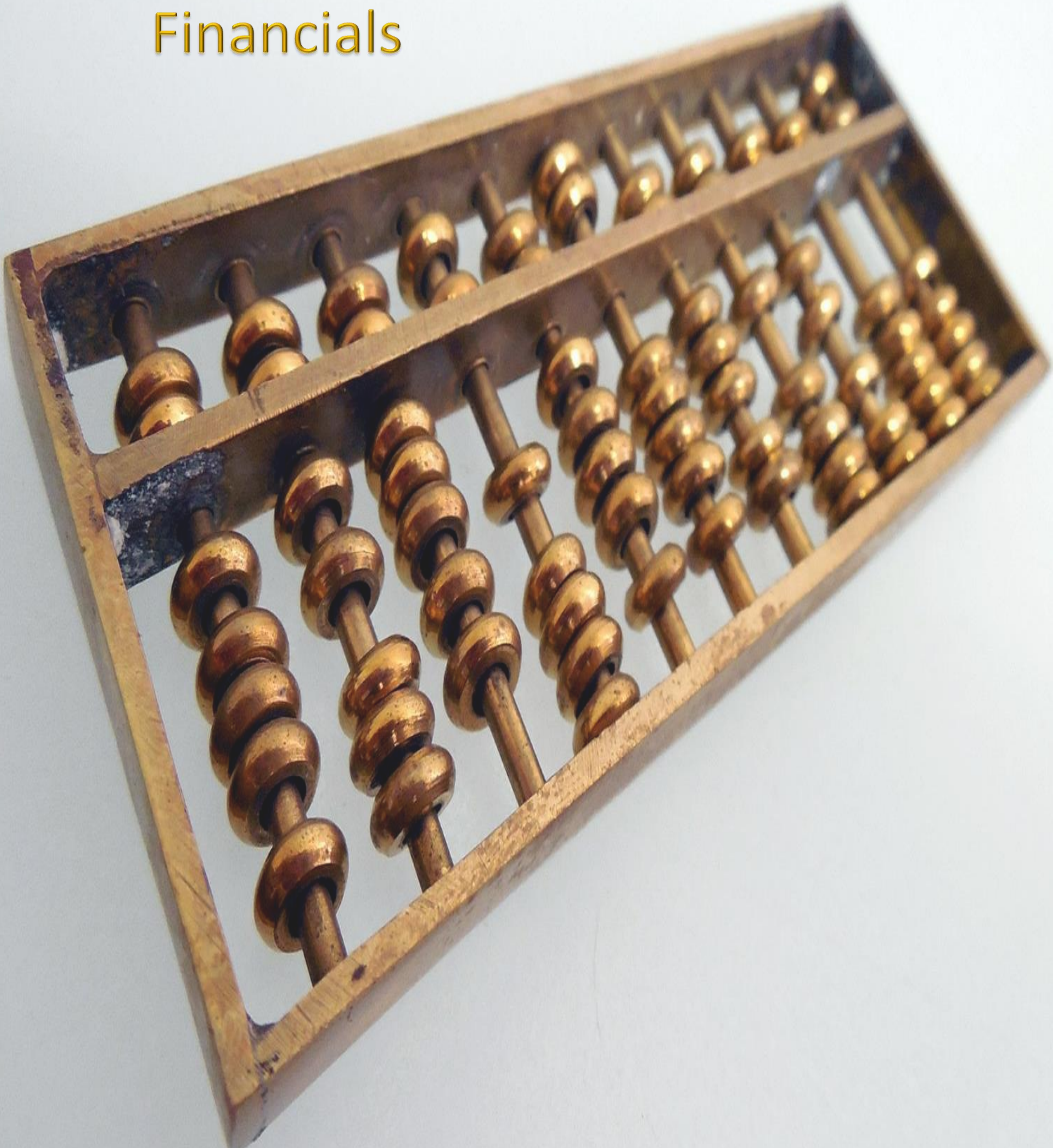
Fiscal Year	# of New NOIs Received	# of Foreclosed Property Registrations Received*
2009	140,531	n/a
2010	161,632	n/a
2011	154,867	n/a
2012	178,518	n/a
2013	124,575	4,639*
2014	100,574	15,755
2015	71,917	17,375
2016	70,672	15,012
2017	79,498	11,461
2018	67,765	8,195
TOTAL	**1,150,549**	**72,437**

**Registry went into effect October 2012*

Unit staff continue to work with the Maryland Department's Office of Information Technology to significantly upgrade both foreclosure databases with the goal of improving overall functionality and user experience. Implementation of a new reporting requirement, the Notice of Foreclosure, passed during the 2017 session of the General Assembly [Senate Bill 875 (348 Md. Laws 2017) and House Bill 1048 (349 Md. Laws 2017)] and is effective October 1, 2018, which added to the project scope in FY 2017. All three foreclosure-related reporting requirements – the Notice of Intent to Foreclose, the Foreclosed Property Registry, and the Notice of Foreclosure – are being integrated into one comprehensive online foreclosure database. In FY 2018, development continued on the new system and implementation of the Notice of Foreclosure. The integrated Foreclosure Registration System with the Notice of Foreclosure is set to launch October 1, 2018.

In addition to the administration of the current Registry and NOI electronic system and coordination of the development and implementation of the new Foreclosure Registration System and Notice of Foreclosure, Unit staff continued to field inquiries from Maryland homeowners and industry representatives with questions about the foreclosure process and requests for assistance with other foreclosure-related matters. In FY 2018, Unit staff handled approximately 216 foreclosure-related calls to the Unit's designated Foreclosure Outreach line. Of these calls, 120 (or 56%) were from homeowners who had received the NOI outreach packet mailed by the Unit and were contacting staff for additional information. The remaining calls were primarily from other homeowners with concerns about their foreclosure and/or needed a referral to a nonprofit agency, and from industry representatives with questions regarding the Registry or NOI electronic system or associated foreclosure laws.

Financials



Summary of All Office Revenues and Expenditures
Fiscal Years Ended June 30th

REVENUES	FY 2016	FY 2017	FY 2018
Special Funds			
Mortgage Lender/Originator	$6,261,689	$0	$0
Banking and Credit Union Regulation	$3,736,492	$3,911,355	$4,109,104
Money Transmission	$384,019	$0	$0
Debt Management Services	$113,332	$0	$0
Non-Depository	$0	$6,949,601	$7,369,000
Subtotal	$10,495,532	$10,860,956	$11,478,104
Foreclosure Related Special Funds			
Attorney General's Settlement	$384,904	$240,830	$0
Mortgage Foreclosure Mediation	$31,169	$102,929	($52,009)
Foreclosed Property Registry	$966,792	$803,676	$573,882
Subtotal	$1,382,865	$1,147,435	$521,872
General Funds			
Licensing Fees	$1,758,151	$870,987	$1,077,251
Fines & Penalties	$766,202	$5,240,190	$712,900
Subtotal	$2,524,353	$6,111,177	$1,790,151
Total Revenue	**$14,402,750**	**$18,119,569**	**$13,790,128**
EXPENDITURES	**FY 2016**	**FY 2017**	**FY 2018**
Salaries and Benefits	$7,288,809	$7,741,510	$7,452,977
Technical and Special Fees	$587,950	$465,290	$494,555
Communication	$105,101	$62,774	$77,999
Travel/Training	$281,818	$310,482	$309,708
Lease Expense, Parking Facilities	$37,268	$44,204	$34,400
Contractual Services	$126,505	$293,492	$641,396
Supplies and Materials	$33,291	$29,685	$30,538
Equipment	$13,828	$83,140	$79,286
Fixed Charges, Rent	$321,833	$325,016	$346,911
Administrative Expenses	$1,557,562	$1,217,810	$1,212,045
Total Expenditures	**$10,353,964**	**$10,573,402**	**$10,679,815**
Net Revenue for Fiscal Year	$4,048,786	$7,546,166	$3,110,312

See explanation 1, page 57 (Office Revenues and Expenditures - Financial Information)

Revenues & Expenditures - General Fund
Fiscal Years Ended June 30th

REVENUE	FY 2016	FY 2017	FY 2018
Non-Depository Licensing Fees	$1,758,151	$870,987	$1,077,251
Fines & Penalties	$766,202	$5,240,190	$712,900
Total Revenue	**$2,524,353**	**$6,111,177**	**$1,790,151**
EXPENDITURES	**FY 2016**	**FY 2017**	**FY 2018**
Salaries and Benefits	$1,325,822	$1,435,240	$1,070,962
Communication	$1	$3	$0
Total Expenditures	**$1,325,823**	**$1,435,243**	**$1,070,962**
Net Revenue for Fiscal Year	$1,198,530	$4,675,934	$719,189

Bank & Credit Union Special Fund
Fiscal Years Ended June 30th

REVENUE	FY 2016	FY 2017	FY 2018
Bank & Credit Union Assessments	$3,508,488	$3,674,689	$3,856,950
Non-Depository Trust Company Assessments	$181,426	$194,491	$192,084
Depository Amendment and Filing Fees	$45,558	$41,995	$59,920
Miscellaneous Income/Other	$1,020	$180	$150
Total Revenue	**$3,736,492**	**$3,911,355**	**$4,109,104**
EXPENDITURES	**FY 2016**	**FY 2017**	**FY 2018**
Salaries and Benefits	$2,129,192	$2,072,245	$1,930,319
Technical and Special Fees	$286,627	$347,817	$376,382
Communication	$25,498	$16,648	$21,054
Travel/Training	$206,982	$205,723	$202,947
Lease Expense, Parking Facilities	$4,004	$1,028	$800
Contractual Services	$23,150	$16,403	$8,124
Supplies and Materials	$7,475	$11,673	$3,769
Equipment	$3,851	$67,960	$2,074
Fixed Charges, Rent	$129,991	$125,811	$143,623
Administrative Expenses	$689,174	$536,332	$481,407
Total Expenditures	**$3,505,944**	**$3,401,640**	**$3,170,500**
Net Revenue for Fiscal Year	$230,548	$509,715	$938,604
Year End Adjustment			
Special Fund Balance Carried Forward	$2,689,295	$3,199,010	$4,137,614

Non-Depository Special Fund
Fiscal Years Ended June 30th

REVENUE	FY 2016	FY 2017	FY 2018
Non-Depository License Fees		$6,520,140	$6,919,212
Non-Depository Examination Fees		$425,096	$336,229
Miscellaneous Income/Other		$4,365	$113,559
Total Revenue	**$0**	**$6,949,601**	**$7,369,000**
EXPENDITURES	**FY 2016**	**FY 2017**	**FY 2018**
Salaries and Benefits		$3,581,391	$4,056,160
Technical and Special Fees		$117,423	$118,173
Communication		$14,393	$26,732
Travel/Training		$95,554	$103,456
Lease Expense, Parking Facilities		$39,692	$31,840
Contractual Services		$116,938	$307,982
Supplies and Materials		$14,717	$24,026
Equipment		$14,142	$72,827
Fixed Charges, Rent		$198,940	$202,999
Administrative Expenses		$552,136	$535,356
Total Expenditures	**$0**	**$4,745,326**	**$5,479,552**
Net Revenue for Fiscal Year	$0	$2,204,276	$1,889,449
Special Fund Balance Carried Forward	$5,548,880	$7,753,156	$9,642,605

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

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

REVENUE	FY 2016	FY 2017	FY 2018
Debt Management Licensing Fees	$81,200		
Miscellaneous Income/Other	($196)		
Miscellaneous Income/Other	$32,328		
Transfer to Non-Depository Special Fund		($158)	
Total Revenue	**$113,332**	**($158)**	**$0**
EXPENDITURES	**FY 2016**	**FY 2017**	**FY 2018**
Salaries and Benefits	$87,678		
Communication	$1,198		
Travel/Training	$7,499		
Lease Expense, Parking Facilities	$847		
Administrative Expenses	$11,465		
Total Expenditures	$108,687	$0	$0
Net Revenue for Fiscal Year	$4,645	($158)	$0
Special Fund Balance Carried Forward	$158	$0	$0

Special Fund – Money Transmitters ** - Fiscal Years Ended June 30th

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

REVENUE	FY 2016	FY 2017	FY 2018
Money Transmitter Licensing Fees	$316,000		
Money Transmitter Examination Fees	$68,019		
Transfer to Non-Depository Special Fund		($293,040)	
Total Revenue	**$384,019**	**-$293,040**	**$0**
EXPENDITURES	FY 2016	FY 2017	FY 2018
Salaries and Benefits	$172,466		
Communication	$2,548		
Travel/Training	$22,863		
Lease Expense, Parking Facilities	$1,771		
Contractual Services	$316		
Supplies and Materials	$120		
Fixed Charges, Rent	$750		
Administrative Expenses	$24,762		
Total Expenditures	**$225,596**	**$0**	**$0**
Net Revenue for Fiscal Year	$158,423	($293,040)	$0
Special Fund Balance Carried Forward	$293,040	$0	$0

Special Fund – Mortgage Lender/Originator ** - Fiscal Years Ended June 30th

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

REVENUE	FY 2016	FY 2017	FY 2018
Mortgage Licensing Fees	$6,010,459		
Mortgage Examination Fees	$251,244		
Miscellaneous Income/Other	-$14		
Transfer to Non-Depository Special Fund		($5,255,682)	
Total Revenue	**$6,261,689**	**-$5,255,682**	**$0**
EXPENDITURES	FY 2016	FY 2017	FY 2017
Salaries and Benefits	$3,013,869		
Technical and Special Fees	$257,377		
Communication	$51,433		
Travel/Training	$36,942		
Lease Expense, Parking Facilities	$28,952		
Contractual Services	$90,637		
Supplies and Materials	$24,475		
Equipment	$9,681		
Fixed Charges, Rent	$190,917		
Administrative Expenses	$758,030		
Total Expenditures	**$4,462,313**	**$0**	**$0**
Net Revenue for Fiscal Year	$1,799,376	($5,255,682)	$0
Special Fund Balance Carried Forward	$5,255,682	$0	$0

Special Fund - Mortgage Foreclosure Mediation
Fiscal Years Ended June 30th

REVENUE	FY 2016	FY 2017	FY 2018
Miscellaneous Income/Other (Reimbursed)	$43,778	$102,929	$8,771
Accrued Revenue	($12,609)		($60,780)
Total Revenue	**$31,169**	**$102,929**	**($52,009)**
EXPENDITURES	**FY 2016**	**FY 2017**	**FY 2018**
Communication	$22,425	$28,784	$25,063
Contractual Services	$2,695	$0	
Supplies and Materials	$896	$3,241	
Administrative Expenses	$5,153	$10,124	$11,337
Total Expenditures	**$31,169**	**$42,149**	**$36,400**
Net Revenue for Fiscal Year	$0	$60,780	($88,409)
Special Fund Balance Carried Forward	$0	$60,780	($27,629)

See explanation 2, page 57 (Office Revenues and Expenditures - Financial Information)

Special Fund – Foreclosed Property Registry
Fiscal Years Ended June 30th

REVENUE	FY 2016	FY 2017	FY 2018
Foreclosure Registrations	$943,750	$765,250	$535,850
Miscellaneous Income/Other	$23,042	$38,426	$38,032
Total Revenue	**$966,792**	**$803,676**	**573,882**
EXPENDITURES	**FY 2016**	**FY 2017**	**FY 2018**
Salaries and Benefits	$218,825	$411,804	$395,536
Special and Technical		$50	
Communication	$1,997	$2,946	$5,150
Travel/Training	$7,532	$9,205	$3,304
Lease Expense, Parking Facilities	$1,694	$3,484	$1,760
Contractual Services	$9,707	$160,151	$325,291
Supplies and Materials	$325	$54	$2,743
Equipment	$296	$1,038	$4,385
Fixed Charges, Rent	$175	$265	$289
Administrative Expenses	$68,978	$119,218	$183,944
Total Expenditures	**$309,529**	**$708,215**	**$922,402**
Net Revenue for Fiscal Year	$657,263	$95,461	($348,521)
Special Fund Balance Carried Forward	**$2,552,935**	**$2,648,396**	**$2,299,875**

See explanation 3, page 57 (Office Revenues and Expenditures - Financial Information)

Office Revenues and Expenditures - Financial Information

Notes of Explanation.

1. Summary of All Office Revenues and Expenditures

   a. *Commencing in FY 2017 receipts from Maryland-licensed mortgage lenders and mortgage loan originators; money transmitters, debt management companies; and debt settlement companies were deposited into the Non-depository Special Fund.*

   b. *Pursuant to HB187, as of June 1, 2018, funds that were received from licensing and examining collection agencies, consumer lenders, installment lenders, sales finance companies, mortgage lenders, check cashing services, and credit services businesses began being credited to the Non-Depository Special Fund.*

   c. *The negative ($52,009) in revenue for FY 2018 in the Mortgage Foreclosure Mediation line is discussed in Note 2.*

2. Special Fund – Mortgage Foreclosure Mediation

   a. *The ($52,009) FY 2018 Total Revenue balance represents the result of a reimbursement of an overpayment made in FY 2017.*

   b. *The carried forward balance of ($27,629) for FY 2018 represents funds due to the Office for a Notice of Intent to Foreclose mailing service that was not reimbursed to the Office prior to the close of the fiscal year. That sum has been reimbursed to the Office as of the first quarter of FY 2019.*

3. Special Fund – Foreclosed Property Registry

   a. *The negative net revenue for FY 2018 year is a result of expenditures for enhancements to the Foreclosed Property Registry website as a result of requirements mandated by state law. Upon completion of the enhancements in FY 2019, assuming revenue from foreclosure registrations does not materially decrease in the coming years, net revenue of the programs is expected to revert to positive levels.*

HISTORICAL LIST OF COMMISSIONERS As of June 30, 2018		
NAME	FROM	TO
Antonio P. Salazar	**2017**	**Present**
Gordon M. Cooley	2014	2017
Mark A. Kaufman	2010	2014
Sarah Bloom Raskin	2007	2010
Charles W. Turnbaugh	2003	2007
Mary Louise Preis	1999	2003
H. Robert Hergenroeder *	1996	1999
Margie H. Muller	1983	1996
Joseph R. Crouse	1980	1983
W. H. Holden Gibbs	1978	1980
William L. Wilson	1971	1978
William A. Graham	1967	1971
Herbert R. O'Conor, Jr.	1963	1967
W. R. Milford	1960	1963
William F. Hilgenberg	1959	1960
William H. Kirkwood, Jr.	1951	1959
Joseph P. Healy	1950	1951
J. Millard Tawes	1947	1950
John W. Downing	1939	1947
Warren F. Sterling	1935	1939
John J. Ghingher	1933	1935
George W. Page	1919	1933
J. Dukes Downs	1910	1919

HISTORICAL LIST OF DEPUTY COMMISSIONERS As of June 30, 2018		
NAME	FROM	TO
Teresa M. Louro	**2016**	**Present**
Keisha L. Whitehall Wolfe (Acting)	2014	2015
Gordon M. Cooley	2013	2014
Anne Balcer Norton	2010	2013
Mark A. Kaufman	2008	2010
Joseph E. Rooney	2003	2008
Nerry L. Mitchell	1999	2003
William L. Foster **	1996	1999
David M. Porter	1993	1996
Henry L. Bryson	1987	1993
Charles R. Georgius	1979	1987
Charles A. Knott, Jr.	1977	1979
Albert E. Clark	1972	1977
H. Sadtler Nolen	1967	1972
John D. Hospelhorn	1923	1967
John J. Ghingher	1919	1923
George W. Page	1912	1919
John C. Motter	1910	1912

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