Maryland

DEPARTMENT OF LABOR

110[TH] Annual Report

OF THE

Commissioner of Financial Regulation

OF THE

State of Maryland

PRESENTED TO

Larry Hogan, Governor

Boyd K. Rutherford, Lt. Governor

For the fiscal year ending June 30, 2020

Antonio P. Salazar, Commissioner

Teresa M. Louro, Deputy Commissioner

500 N. Calvert Street, Suite 402 | Baltimore, MD 21202 | www.labor.maryland.gov/finance

Table of Contents

About the Office of the Commissioner of Financial Regulation

The Office of the Commissioner of Financial Regulation ("Office") is Maryland's consumer financial protection agency and financial services regulator. As such, it 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 Maryland's laws and regulations.

Maryland law gives the Office enforcement authority over institutions providing financial services or undertaking consumer collection activities in the state specifically including state-chartered, licensed and supervised institutions. The Office possesses its own investigative and enforcement resources with which to enforce Maryland law and to support the authority of the State Collection Agency Licensing Board. When appropriate, the Office works cooperatively with other state and federal regulatory and law enforcement agencies to investigate and prosecute violations of law.

The Office serves as a resource to consumers and to the entities and individuals that it supervises and

Mission Statement

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.

The Office supervises the activities of the financial services industry under its regulatory authority through periodic on-site examinations and off-site monitoring programs.

regulates. The Student Loan Ombudsman is also part of the Office. The Office supports consumers and student loan borrowers by investigating complaints of questionable business practices involving all types of financial institutions operating in the state. In order to foster compliance with Maryland law, the Office continually provides information and assistance to regulated entities and individuals through advisories and other means that provide guidance on their responsibilities under Maryland law. Office staff is also in constant 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 and the Ombudsman conduct regular outreach focused on foreclosure and mortgage delinquencies in the state and student loan issues. Additionally, the Office helps to connect Maryland consumers to effective financial education that is available through the state and nationally.

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

Accreditation

High-Quality Standards and Performance

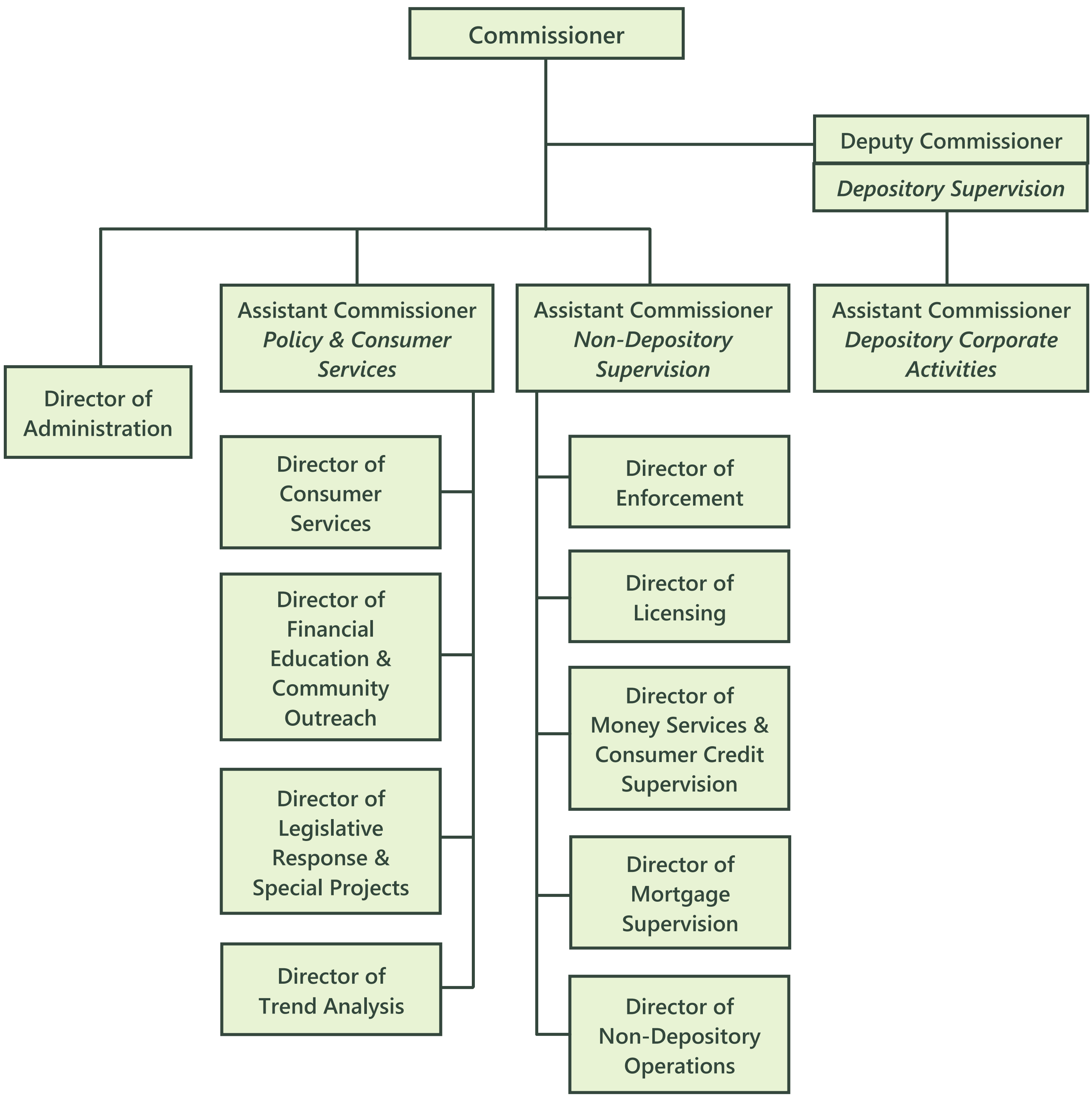
The Office has been accredited by the Conference of State Bank Supervisors ("CSBS") for its regulation of state-chartered banks since July 13, 1992. The Office's accreditation was most recently recertified on July 10, 2017. The banking departments of 47 states, including Maryland, and that of Puerto Rico have received accreditation by CSBS. CSBS is a national organization that represents the interests of state banking departments nationwide. State bank regulatory agencies must undergo a re-accreditation examination and audit every five years and submit annual assessment updates to retain certification. The CSBS Accreditation Program is designed to encourage the standardization of regulation and supervision of state-chartered banks, identify weaknesses, and capitalize on the strengths of state banking agencies. The process assists the Office in effectively carrying out its responsibilities in supervising Maryland-chartered financial institutions, of ensuring that institutions operate in a safe and sound manner, legal and regulatory compliance, and providing responsive services.

The Office also received Mortgage Supervision accreditation from the CSBS and the American Association of Residential Mortgage Regulators ("AARMR") through their joint Accreditation Program, on August 31, 2016. The Office is one of only 27 agencies in the United States to receive this distinction. This Accreditation Program serves the same basic purposes as the banking accreditation, but it applies to the supervision of non-depository mortgage brokers, lenders, and servicers, and it requires, among other things, that the Office's policies and procedures in licensing, examination, enforcement, and consumer complaint response meet high standards and follow various "best practices." While the Office has not yet come due for re-accreditation, it continues to submit annual assessment updates to retain accreditation.

Office of the Commissioner of Financial Regulation
Senior Management Team as of June 30, 2020

Antonio P Salazar	***Commissioner***
Teresa M. Louro	***Deputy Commissioner***
Michelle A. Denoncourt	***Assistant Commissioner, Depository Corporate Activities***
Jedd R. Bellman	***Assistant Commissioner, Non-Depository Supervision***
Sean J. McEvoy	***Assistant Commissioner, Policy and Consumer Services***
Frieda M.A. McWilliams	***Director of Administration***

Office of the Commissioner of Financial Regulation
Management Organizational Chart (as of June 30, 2020)



Message from the Commissioner of Financial Regulation

The Office of the Commissioner of Financial Regulation (the "Office") celebrates its 110th anniversary this year and this Report represents the Commissioner's 110th consecutive Report to the Governor and General Assembly. J. Dukes Downes was Maryland's initial Bank Commissioner and he submitted the Office's first Annual Report in 1911. His report consisted of 120 pages detailing the Offices' operations and the condition of the then existing 131 state banks, savings banks, and trust companies that were subject to the Office's examination and supervision. Twenty-one commissioners followed in Commissioner Downes' footsteps each submitting their annual report and I, as the 23rd Commissioner, am honored to continue that proud tradition.

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

Mr. Salazar has more than 35 years of experience in banking law, commercial financing transactions, loan restructurings and work-outs, real estate, and general business law.

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.

FY 2020 can be divided into two distinct periods; the "pre COVID-19" time between July 1, 2019 and mid-March 2020 and the "post COVID-19" period that occupied the remainder of the fiscal year. The two periods could not have been more different and yet, during each period, the Office continued to successfully pursue its dual-purpose mission of supervising the activities of the financial services industry and of protecting Maryland's consumers, all while promoting fair competition and encouraging innovative business development in support of Maryland's economy.

FY 2020 started in the normal course. The State and national economies were growing and the Office looked to build on its successful FY 2019 performance. Initiatives, both long-standing and new, to increase the Office's coordination with its state and federal counterparts advanced. Implementation of previously enacted legislation was initiated and the drafting of relevant regulations commenced. The Office continued to expand its active outreach efforts and the Student Loan Ombudsman function was expanded with the Ombudsman developing and publishing an on-line educational student loan course. Internally, the Office worked to upgrade its policies, procedures and processes, as well as its technological tools. Additional enforcement staff was hired and they helped the Office commence significant investigations into a number of both depository and non-depository areas. Of note, the Office completed a multi-year investigation into one of the largest debt purchasers operating throughout the United States resulting in a Consent Order and Settlement Agreement.

The Office underwent an audit by the Maryland Office of Legislative Audits and in April, 2020 received a Report in which the auditors determined that the Office had not only satisfactorily addressed prior findings but that it had implemented corrective actions that were sufficient to address the one identified issue. From a legislative perspective, the Office sought the passage of five bills addressing, among other things, banking laws, money transmission, and the establishment of important consumer protections relating to mobile home sales. By March, 2020, the Office was on course for another successful year.

As the legislative session progressed in Annapolis, however, the COVID-19 virus began spreading around the world, and by March, 2020, its spread resulted in changes for the State and for the Office; changes that were significant and needed to be implemented quickly. In order to protect the health and welfare of Marylanders, Governor Hogan, in mid-March, imposed a general lock-down; meaning that our employees, like other Marylanders, were required to work 100% remotely. Initially, that meant that that trips to the office were limited to short visits by individual employees to collect and distribute mail, to collect items necessary for work and to address technical computer and connectivity issues. Office staff rose to the occasion, and with the assistance of the Department's IT staff, all of the Office's staff quickly enjoyed remote work capabilities. With those capabilities, our Office was able to hold all of its subsequent meetings, both internal and external, using a combination of phone and video technology. Consistent with the social distancing and stay-at-home directives, examinations became remote exercises where the regulated industries and our staff worked together to enable the Office to continue the pace of its work.

Maryland's depository financial institutions entered the lock-down period in a strong position and they were able to provide much needed support and assistance to the State's consumers and businesses. Our Office stressed, and the depository industry maintained, customer access throughout the most restrictive days of the lockdown. Non-depository institutions were provided flexibility to work remotely so that they could continue to serve Maryland's consumers. During this early period, the Office actively worked with its federal counterparts, other State agencies, and industry and consumer representatives to address and overcome many operational challenges regarding access issues and the need for customer accommodations to account for the slow-down in economic activity during the lockdown. Staff developed and published widely-praised guidance and tools that would help consumers and regulated industries navigate through the pandemic and those efforts are detailed in this Report.

The federal government passed the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, providing significant stimulus to the economy and consumers, and the Families First Coronavirus Response Act (FFCRA) providing, among other things, extra benefits for unemployed workers through July, 2020. These measures proved extremely effective and while they worked to prevent an economic crisis and to provide a boost for the economy's subsequent slow economic progress, it became evident as the year progressed that many individuals and families were still suffering and that the recovery was uneven. Many consumers, employees and businesses, particularly in the travel, entertainment, restaurant, and hospitality industries were severely set back as a result of the pandemic restrictions and despite the loosening of restrictions, they were not improving their situations as social distancing and other public health guidelines restricting large gatherings negatively affected the ability to conduct business and earn a paycheck.

Thanks to Maryland's early, aggressive and sustained pandemic response, the Governor was able to loosen restrictions in the late spring. That loosening along with the assistance provided by the State and federal government and the Federal Reserve Board's actions helped the State's economy recover from the initial shock of the lockdown and it continued to improve, albeit slowly and unevenly throughout the remainder of the fiscal year. The State's financial institutions weathered the pandemic-induced slowdown well, such that at the end of FY 2020 they retained their financial strength. The number of non-depository institutions generally remained constant and in some categories, actually increased. Notwithstanding that fact, as the fiscal year drew to a close, the Office and its federal counterparts increased their monitoring of regulated institutions, both depository and non-depository, and the frequency and coordination of their contacts as the shadows of the pending termination of the federal stimulus and the uneven recovery hung over the economy, consumers and the financial services industry.

Although the Department's offices remained closed to the public, the Department's buildings were opened to Office staff on a limited basis by the end of the fiscal year. With employee safety as a primary concern, our staff continued to work virtually 100% remotely.

Services continued to be provided by phone, video and through e-mail, and while plans were made for returning to the Office upon the building re-opening and normalization of the environment, our staff had become adept at carrying out its duties remotely. In fact, notwithstanding the restrictions, Office staff persevered and the Office can boast of a number of accomplishments including the fact that, though the General Assembly ended its session early, the Office was able to secure passage of all but one of its bills. Those accomplishments are also all detailed in this Report.

In conclusion, the response to the COVID-19 pandemic brought about many changes in the Office's operations and outlook, just as it did to Maryland's financial services industry and consumers. A number of these changes for the Office, from remote working to the Office's space and technology utilization, are likely to be long lasting and beneficial for the Office and Maryland's consumers and regulated industries. As FY 2021 commenced, the Office found itself looking back on a year that can be described as anything but ordinary. Despite the challenges, I am proud to report that staff and the Office adapted to the constantly changing circumstances, and did so efficiently and effectively. As a result, FY 2020 not only proved to be another successful year for the Office, but it resulted in an increase in consumer protections and the continued smooth operation of Maryland's financial services marketplace.

Antonio P. "Tony" Salazar

Commissioner of Financial Regulation,
Maryland Department of Labor

Fiscal Year 2020 Highlights

Student Loan Ombudsman: The Student Loan Ombudsman published the **Student Loan Educational Toolkit** to inform and educate Maryland student loan borrowers.

Consumer Services: The Consumer Services Unit **recovered $247,351 for Maryland consumers**. Over the last five fiscal years the Unit was responsible for recovering a total of $652,789 for Maryland consumers.

Outreach Activity: Despite the restraints of the COVID-19 pandemic, the Office **organized or participated in 36 events**, conferences, and stakeholder meetings reflecting the Agency's continued efforts to enhance and expand its engagement with all stakeholders.

Licensing: The Office held 18,867 active licenses at the end of FY 2020, an increase of approximately 12% from the previous fiscal year, and the Licensing Unit **obtained $2,496,844 in restitution for Maryland consumers** due to unlicensed activity.

Non-Depository Supervision: The Non-Depository Supervision Unit **completed 280 examinations** of licensed entities and recovered a total of $144,069 in restitutions and fines.

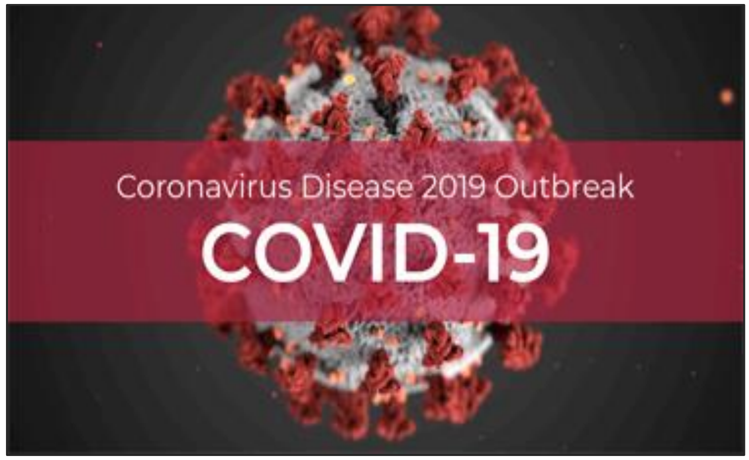
Enforcement: The Office **completed a multi-year investigation into one of the largest debt purchasers** operating throughout the United States, resulting in a Consent Order and Settlement Agreement publicly affirming that a debt purchaser must: (1) have a reasonable legal basis to collect on such debt; and (2) be able to substantiate any representation made to a Maryland consumer concerning the obligations and amounts claimed to be due and owing.

Legislation: **Four bills** proposed by the Office in FY 2020 were passed by the General Assembly.

Banks and Credit Unions: Maryland-chartered institutions started the year in a strong financial condition, which meant that they were able to withstand the limitations on their ability to carry out their operations caused by COVID-19 and they were able to support their customers and local communities. Depository assets under supervision by the Office continued to steadily increase despite merger and acquisition consolidation in the industry. Maryland saw its first bank reach **over $10 billion in total assets**.

The COVID-19 Pandemic: Impact and Response

The COVID-19 pandemic is an ongoing pandemic of coronavirus disease 2019 (COVID-19) caused by the transmission of severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) which was first identified in December 2019. The outbreak was declared a Public Health Emergency of International Concern in January 2020 and a pandemic in March 2020 by the World Health Organization.



Governor Hogan took early, aggressive actions to contain and slow the spread of COVID-19 in order to protect public health and safety in Maryland. On March 5th, 2020 he declared a state of emergency and shortly afterward began issuing executive orders closing non-essential business, schools and facilities to stop the spread of COVID-19. Maryland residents were encouraged to stay at home as much as possible and State Agencies and employees were ordered to telework to the maximum extent possible. The federal government also issued multiple executive orders and passed a series of legislative packages to support the medical and financial needs of Americans, including direct payments to individuals for economic stimulus, and financial relief programs and other protections for consumers.

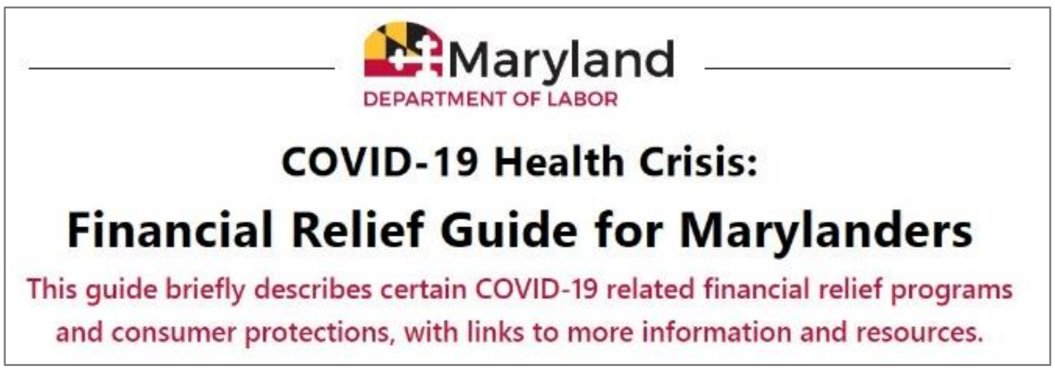
At the conclusion of FY 2020, Governor Hogan had lifted the stay-at-home order, however Maryland was still in an official state of emergency and residents were asked to limit gatherings and non-essential travel.

COVID-19 Response from the Office

At the onset of the COVID-19 pandemic, the Office undertook a number of actions and initiatives in order to continue to maintain service to consumers and stakeholders and to ensure the health and safety of the Office's staff. The most significant step taken was that the Office, following the Governor's emergency executive order and consistent with Department of Labor direction, on March 16, 2020 implemented a policy of mandatory teleworking for all Office staff. The remote work was to continue for an indefinite time period. During this time, Office employees were provided with ongoing updates on prevention measures, workplace flexibilities, telework options and best practices. Communication with and among staff was carried out through a variety of communication channels including phone, e-mail, and video-conferencing.

The Office also took action to protect consumers and to ensure stakeholders were apprised of the new state and federal emergency financial relief options and consumer relief mandates that were being introduced. The Office published and maintained a COVID-19 resources landing page on the Office's website to centralize COVID-19 related information, advisories and other resources as well as updates to previously released content. Consumer-focused pages include tips and frequently asked questions for banking during the pandemic, foreclosure prevention, mortgage relief, student loan relief, financial fraud and scams, and nonprofit and government resources to help consumers protect themselves financially during the crisis.

Industry-focused pages include the pandemic-related regulatory guidance issued by the Office and links to additional information from industry associations and federal supervisory agencies.



The Outreach Unit also created a downloadable "COVID-19 Financial Relief Guide for Marylanders" which was posted on the Office's website and was shared with the public via social media and communication to unemployment insurance claimants, as well as community nonprofits and government partners via email. The Unit issued three consumer advisories on COVID-19 financial fraud and scams, student loan relief, and how to continue personal banking and financial service activities during the pandemic; and conducted one consumer webinar on COVID-19 financial relief options for Maryland residents, which was streamed live online. The Unit also published a Foreclosure Data Tracker webpage with statewide weekly and monthly totals from the Office's Foreclosure Registration System and the Notice of Intent to Foreclose electronic system.

Despite the limitations of in-person outreach activities due to the pandemic, the Office participated in 36 outreach events during the fiscal year. This included organizing two statewide consumer advocate conference calls with the Commissioner and senior staff including the Student Loan Ombudsman, to discuss potential areas of concern and to solicit feedback. Outreach also staff participated in seven virtual meetings with housing counseling, legal service, and community development groups to share the newest information about COVID-19 policies and resources; and conducted two webinars for practitioners on COVID-19 financial relief options.

As of the end of the fiscal year, the Office, in conjunction with the Secretary's office, continued to monitor and update its workforce flexibilities to ensure the health, safety, and well-being of its staff during the on-going COVID-19 pandemic. The Office also expects to develop safety protocols and procedures to determine when and how staff will re-enter and work in its buildings in a safe and secure manner. It will also continue to provide timely content and updates to help consumers protect and manage their finances during the coronavirus pandemic.

Depository Units

The COVID-19 pandemic caused depository institutions to implement their Business Continuity and Pandemic Plans. Although no institutions closed during COVID-19, banks and credit unions did transition from allowing full access to their branch network to continuing to provide all services and products to customers and members through their branch drive-thru facilities, lobby access by appointment, mobile banking, electronic banking, and telephone banking. All institutions experienced increased enrollment in mobile and electronic banking services. Bank and credit union staff also transitioned to working remotely, operating with limited numbers of rotating staff at their facilities to ensure their safety, while following the recommended precautionary measures. Banks and credit unions were strongly encouraged to work with their customers and members, and did so with loan payment deferrals and Paycheck Protection Program ("PPP") loans.

The Banking Unit responded to COVID-19 by immediately conducting safety and soundness examinations remotely instead of on-site. Limited, specific, on-site examination work was undertaken when needed. Examiners-In-Charge were quick to transition to conducting examinations remotely and in managing their examination teams, as well as also providing support to institutions during these unprecedented times. All staff meetings were held virtually or by teleconference. Throughout COVID-19, the Banking Unit issued regulatory advisories and guidance following Governor Hogan's Executive Orders, communicated with and answered questions from bankers, monitored loan deferrals and PPP loan activity, and monitored branch network accessibility.

In FY 2021, banks and credit unions will continue to feel the impact of COVID-19. As loan payment deferrals end and PPP loan forgiveness comes to fruition, depository institutions will continue to evaluate their loan portfolios for impaired credits, allowances for loan and lease losses and provisioning, liquidity and capital levels, and dividend payments. The full financial impact of COVID-19 on state financial institutions has yet to be reported but it is expected that a clearer picture will emerge in the third and fourth quarters of FY 2021 (March and June 2021). Depository institutions will continue to evaluate their branch network, with additional branch closures expected as a result of the substantial increase in mobile and electronic banking services and products. Overall, Maryland state-chartered institutions remain well capitalized and are expected to weather the effects of COVID-19 well.

Non-Depository Units

COVID-19 caused licensed institutions across many industry sectors to implement business continuity plans and to evaluate business operations to ensure safe and sound activity in the face of the health crisis. Licensed business entities transitioned staff to working remotely, with only a limited number of personnel continuing to have access to business facilities. Additionally, licensed financial services providers implemented consumer relief options recognizing the impact that the pandemic was having on their respective customer base.

In response to the health crisis, the Office identified key functions and implemented operational strategies to ensure continuity of those services as staff moved to remote working environments. For example, staff and Unit phone lines have been forwarded to remote locations in order to continue answering outside calls and key voicemail systems are checked daily. The Non-Depository Operations Committee, composed of leadership from each operational unit in the non-depository space, instituted a standing, bi-weekly meeting for the purpose of identifying emerging trends relating to COVID-19 which may impact, or require action by, the Office of the Commissioner. Matters requiring action by the Office were coordinated through the Committee and reported up to senior management.

In late February, 2020, examination staff began the process of halting onsite examinations and have begun to identify and implement streamlined examination processes during the health crisis for less risky entities. Fuller scope examinations of more risky entities were conducted remotely during the pandemic. And to meet the needs of licensees facing operational issues due to COVID-19, supervision staff have been flexible with all due dates for examination responses (such as extended due dates for response to the examination manager's questionnaires, the production of documents and consumer files, and responses to examination findings).

Staff effectively managed COVID-19 related inquiries and the Office identified guidance needed to assist licensees operating during the health crisis. For example, numerous inquiries were received from licensees regarding remote work authority for their staff and closure of business locations during the pandemic. The Office provided regular guidance allowing for remote work flexibility during the crisis and is identifying a more permanent solution to provide clarity on remote work standards with the goal of allowing employees of licensees to regulatory engage in remote work. Additionally, numerous bulletins and guidance were issued by the Office to provide clarity and set operational expectations for industry during the pandemic.

The State Collection Agency Board continued to convene regular meetings during the pandemic to ensure continuity of services and to handle issues related to the health crisis. With the uncertainty surrounding the financial condition of licensees, the Board issued an industry Advisory providing collection agencies with guidance and considerations they could use in case they were considering winding down or transferring their book of business.

Finally, the Commissioner and staff regularly participated in national discussions with state and federal regulators regarding issues arising during the health crisis. These discussions resulted in strategic outreach initiatives, coordinated supervisory activity, and ongoing monitoring programs designed to evaluate the safety and soundness of regulated entities and to respond to market impacts that could harm consumers.

With the continued presence of and uncertainty surrounding COVID-19, the Office intends to continue In FY 2021 with many of the operational changes, licensee support and outreach endeavors, and supervisory and monitoring activity. And the Office will continue to prioritize resources necessary to react to negative conditions if, and when, they should arise.

Legislative Summary

Changing Legal Environment

The Maryland 2020 General Assembly adjourned on the evening of March 18, almost three weeks earlier than scheduled, due to the COVID-19 pandemic. Four bills proposed by the Office during the Legislative Session passed. The bills focused on (1) simplifying corporate activities for state-chartered banks, (2) modernizing the banking parity (or "wild card") law application process, (3) enhancing consumer protections for mobile home purchasers, as well as (4) authorizing the Commissioner to use appropriations from the Non-depository Special fund to investigate complaints related to credit card and merchant processing agreements. The Office also provided technical support on other legislation promoting a safe and healthy financial services industry while protecting Maryland consumers. The following bills relating to financial services were passed by the General Assembly during the 2020 Session, however, due to COVID 19, they became law without the signature of Governor Hogan.

SB 14: Financial Institutions - State Banks, Trust Companies, and Savings Banks - Incorporators
Effective date: October 1, 2020

This law, proposed by the Office, reduces the number of incorporators, from 5 to 3, required to form a Maryland chartered bank or trust company, and from 15 to 3 to form a Maryland chartered savings bank. This law repeals the requirement that each incorporator be a citizen of Maryland and instead requires that at least one be a citizen of Maryland. This law also repeals an existing provision that limits the number of directors that may be added to a commercial bank's board of directors and the process for doing so, and it makes conforming changes to the incorporation requirements for a State bank, trust company, or savings bank.

SB 15: Financial Institutions - Commissioner of Financial Regulation - Banking Institution Powers
Effective date: October 1, 2020

This law, proposed by the Office, streamlines the application process for Commissioner approval to promote the competitive potential of Maryland banks. To conduct federally permissible activities under the new application process, banks must file a notice of intent to act with the Commissioner at least 45 days prior to engaging in the requested activity. The Commissioner, after reviewing the notice of intention, will retain the authority to deny any requested activity deemed necessary to protect Maryland's welfare or economy. The Commissioner may also extend the review timeline and/or request additional information from applicants. This law also promotes the competitiveness of Maryland banks by streamlining the application process, requiring any denial from the Commissioner to take place within 45 days, and generally aligning Maryland's law with those of other states.

SB 155 / HB 93: Consumer Protection - Mobile Home Purchasers
Effective date: October 1, 2020

This law establishes several requirements related to manufactured home financing. Specifically, the law (1) codifies the federal definition of "dwelling" and establishes a State definition of "mobile home;" (2) imposes upon mobile home retailers a duty of good faith and fair dealing, which requires them to provide financial disclosures and other information to a prospective consumer borrower and prohibits them from steering a prospective consumer borrower to certain financing products; and (3) generally requires a foreclosure notice to be provided at least 30 days prior to a lender or credit grantor initiating repossession on a mobile home unless the mobile home is vacant and abandoned or if the borrower voluntarily surrenders the mobile home to the lender or credit grantor. The law specifies that any notice given less than 30 days before repossession must be accompanied by a certification that the mobile home is vacant and abandoned, or has been surrendered. The law also alters the definition of "mortgage loan originator" to exclude an individual who is a retailer of mobile homes (or an employee thereof) if either, as applicable, does not receive direct or indirect compensation from engaging in mortgage loan origination activities. The Commissioner is given the responsibility of drafting a regulation describing the required consumer disclosures and is given the power to generally enforce the statute.

SB 409 / HB 774: Financial Institutions - Commissioner of Financial Regulation – Non-depository Special Fund
Effective date: July 1, 2020

This law, proposed by the Office, authorizes the Commissioner to use appropriations from the Non-depository Special Fund to cover the direct (and indirect) costs of fulfilling the statutory and regulatory duties of the Office related to investigating complaints regarding merchant processing agreements and violations of laws and regulations by credit card processors.

SB 939 / HB 1196: Financial Institutions - Check Cashing Services - Registration and Dissemination of Information
Effective date: July 1, 2020 and October 1, 2020, respectively

This law repeals an exemption for specified check cashing entities from licensure requirements. This law authorizes certain check cashing entities to provide services by registering (rather than by obtaining licensure) with the Office. Further, this law requires that those providing check cashing services to register as a check cashing service through the Nationwide Multistate

Licensing System and Registry (NMLS). Generally, the law subjects check cashing registrants to the same enforcement powers as check cashing licensees.

HB 304: Consumer Protection - Unfair, Abusive, or Deceptive Trade Practices - Exploitation of Vulnerable Adults

Effective date: October 1, 2020

This law establishes that the exploitation of a vulnerable adult is an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA) and therefore subject to the MCPA's civil and criminal penalty provisions. This law also authorizes the Office of the Attorney General's Division of Consumer Protection to bring an action against a person who violates those provisions regarding exploitation of a vulnerable adult.

HB 314: Real Property - Lien Priority of Refinance Mortgages - Exception for Government Junior Mortgages

Effective date: June 1, 2020

The law requires those who refinance first lien residential mortgages to seek the approval of any government agency that holds a lien securing a 0% interest loan on the same property prior to refinancing the indebtedness or else the refinanced lien loses its priority to the government indebtedness. Thus, in order to preserve their lien priority, mortgage lenders must seek the approval of government agencies holding subordinate liens before they refinance the mortgage or deed of trust that secures the property. The law took effect on June 1, 2020 and affects applications to refinance any mortgage recorded on or after that date.

HB 365 / SB 425: Debt Collection - Exemptions From Attachment and Execution

Effective date: October 1, 2020

This law increases the amount of judgment debtor's wages that are exempt from attachment. Specifically, the new law (1) exempts from attachment the greater of 75% of the disposable wages due, or 30 times the State minimum hourly wage in effect at the time the wages are due, multiplied by the number of weeks during which the wages due were earned, and (2) repeals certain provisions that only apply in Caroline, Kent, Queen Anne's, and Worcester counties. Further, this law only applies prospectively and therefore may not be applied or interpreted to affect or apply to any writ of garnishment or writ of execution issued before its October 1, 2020 effective date.

HB 1033 / SB 778: Vehicle Laws - Liens - Electronic Recording

Effective date: October 1, 2020

This law requires any release of a lien pertaining to a motor vehicle be filed electronically with the Motor Vehicle Administration (MVA) within five (5) business days rather than three (3) business days. This law requires, rather than authorizes, the MVA to develop and implement an electronic system for recording and releasing security interests. This electronic system may provide for the electronic transmission of publicly available electronic vehicle records. A motor vehicle lienholder must electronically file with the MVA: (1) each of its liens, and (2) when a lien is paid in full, the release of the lien. These requirements do not apply to a lienholder that is not regularly engaged in the business or practice of financing motor vehicles. Further, under this law, a service provider (i.e., a licensed dealer, title service agent, or a qualified owner of a fleet) may electronically submit a security interest filing with the MVA on behalf of a registered owner or lienholder – subject to approval of the MVA.

Financial Regulation staff meets Maryland's first lady, Yumi Hogan.

Innovation and Regulatory Harmonization

Evolving Financial Technologies and Coordinated Supervision

Fintech Innovation Contact

Recognizing the significant changes occurring in the financial services sector, the Commissioner continued his commitment to fostering a regulatory environment supporting robust innovation and fair competition. The Office continues to designate an "Innovation Contact" within the Office to support innovation efforts in the financial services sector and to facilitate communication between the Commissioner's Office and entrepreneurs and financial technology ("fintech") companies.

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

Assistant Commissioner Jedd Bellman continues to serve as the Office's designated Innovation Contact. He regularly received, and responded to, inquiries regarding how Maryland's financial regulatory scheme impacted current and prospective fintech companies operating or looking to operate within the State.

Network Supervision

The Office continues to actively participate in the multi-state coordination effort that is intended to foster innovation and the achievement of an efficient regulatory system that makes supervision easier for industry and regulators through the recognition of standards and activities across state lines. The Office is engaged in a multi-year effort to leverage technology solutions and harmonize laws to enable it to more efficiently and effectively supervise financial service providers through a network approach with other financial services regulators. These efforts will better enable companies to engage in national scale activities while protecting consumers and the financial system in each state. The Commissioner's Office has participated in these efforts including:

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

In furtherance of these goals, the Office continues to have a staff member appointed to the NMLS Policy Committee; the Committee is tasked with setting the policy surrounding the development and deployment of new regulatory and supervisory technology. The Office has actively supported the efforts to establish new standards and laws designed to harmonize, where appropriate, the practices of state financial regulators.

In FY 2020, the Office signed onto the Multistate Money Services Businesses Licensing Agreement (MMLA) Program, which was established to create a more efficient money service business (MSB) licensing process among state regulators. State regulators recognized the pain points MSB companies were experiencing when seeking licensure in individual states, including different legal requirements, resources and turn times, procedural requirements and interpretations, and satisfying these similar requirements in each state. The MMLA allows applicants who wish to apply for licensure in more than one state to streamline the process by allowing one state to review core application requirements and allow the other states to rely on that review. States would then only review state specific requirements, if any, and the licensure process would be more consistent and more efficient.

Student Loan Ombudsman

Assisting Maryland Student Loan Borrowers

On May 15, 2018, the *Financial Consumer Protection Act of 2018* (2018 Md. Laws 732) ("2018 Consumer Protection Act") was signed into law establishing a Student Loan Ombudsman ("Ombudsman") to be designated by the Commissioner. The Ombudsman position was created to provide student loan borrowers with a state-level office that can assist them in resolving their complaints about student loan servicers ("servicers").

The Ombudsman is also required to monitor and disseminate information about student loan servicing activity in Maryland in order to inform the public and legislature, provide pertinent analysis and any recommendations to the General Assembly and to establish, in consultation with the Commissioner, a student loan borrower education course by October 1, 2019. Finally, the Ombudsman is empowered, through subsequent legislation, discussed below, to refer to the Office's Enforcement Unit or to the Maryland Office of the Attorney General for civil enforcement or criminal prosecution any violations of student loan servicing standards or instances of abusive, unfair, deceptive, or fraudulent practices.

The Office started implementing the 2018 Consumer Protection Act last fiscal year. Sean J. McEvoy, Assistant Commissioner of Policy and Consumer Services, was designated by the Commissioner as the first Student Loan Ombudsman and he has served in that capacity since October 1, 2018. The Ombudsman continues to be supported by Office staff in developing the Office's capabilities to provide student loan related information to the public and to act as a liaison between Maryland student loan borrowers and student loan servicers to seek correction of mistakes and to facilitate solutions to student loan borrowers' problems.

During this fiscal year the Ombudsman created and published a student loan informational brochure and a Student Loan Educational Toolkit. Additionally, the Ombudsman created, and published in late September 2019, a student loan borrower education course as was mandated by the 2018 Consumer Protection Act.

The Ombudsman continued to assist student loan borrowers with their inquiries, including during the COVID 19 pandemic, and issued a number of advisories to both student loan borrowers and student loan servicers regarding the federal payment relief in the CARES Act, student loan scams, and expectations of accurate reporting of credit scores by a credit reporting agency. In addition, the Ombudsman collaborated with the Office to establish a dedicated COVID 19 resources web page and brochure, and participated in two Stakeholder Advocate Conference Calls with department leadership. The Ombudsman also remained in regular contact with his counterparts in other states to stay apprised of developments and to participate in discussions with student loan servicers. The Ombudsman expects inquiries to increase in FY 2021 as federal relief measures expire and borrowers will be required to begin repayment of their student loans.

Complete details of the activities of the position are available in the **Ombudsman's Annual Report**, which was submitted to the General Assembly on December 31, 2019.

Commissioner Salazar with financial educators and consumer advocates at a Washington County listening session.

State Collection Agency Licensing Board

Regulating the Debt Collection Industry in Maryland

The State Collection Agency Licensing Board ("Board") was established by the Legislature in 1977 and resides within the Office. The Board has statutory responsibility for the licensing and regulation of collection agencies operating in Maryland. The Governor, with the consent of the Senate, appoints the four-member board, consisting of two consumer representatives and two industry representatives. The Commissioner serves as Chairman of the Board.

The Board remains committed to accomplishing its original objective of industry compliance with state law, while promoting a safe and sound collection industry in the state. The Board, which meets regularly, informs both licensees and the public about abusive debt collection practices and continues to actively work together for the good of all Marylanders as it collaborates, and addresses issues brought before the Board, for the fair regulation of the collection industry.

Board members serving during FY 2020 were:

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

During FY 2020, the Board met on a monthly basis to discuss emerging issues, licensing activities, supervision issues, enforcement activities, written complaints, and other matters pertinent to its mission and responsibilities. Office staff continued to handle the licensing, investigative, enforcement, consumer complaint processing, and outreach activity on behalf of the Board. By the end of FY 2020, the Board had licensed 1,578 collection agencies and associated branch offices representing a 2.1% increase over the prior fiscal year.

In FY 2020, the Board issued an advisory to licensed debt purchasers providing guidance and clarity on the standards in Maryland for collection on such debt and the Board's expectation with regard to these entities' operations. The advisory was issued in conjunction with the Board's resolution of an enforcement action from earlier in the fiscal year with one of the largest licensed debt purchasers in the country for deficient business practices and violations of Maryland law.

In order to remain connected to nationwide trends, information sharing, and multi-state activities, the Board continues to actively participate in the North American Collection Agency Regulatory Association ("NACARA"). NACARA is a trade association made up of regulator members with the primary purpose of ensuring fair and equitable administration and enforcement of collection regulatory laws. In FY 2020, 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 September 2019. Additionally, in FY 2020, a staff member was re-appointed as Chair for the NACARA Annual Conference Planning Committee. These appointments, along with the continued participation in discussions surrounding multi-state coordination, ensure that the Board plays an active role within the state regulatory community and provides meaningful input into coordinated debt collection supervision nationwide.

Depository Supervision

State-Chartered Financial Institutions: Challenged in an Era of a Global Pandemic

During FY 2020, management and the directorates of the depository institutions supervised by the Commissioner worked hard to maintain the sound financial conditions of their institutions while continuing to support their customers who were struggling with challenges caused by the COVID-19 global pandemic. All of the institutions had individual and business borrowers who were financially and personally hurt by loss of wages and income.

In response to the difficulties suffered by their customers, the financial institutions implemented programs such as interest forgiveness, loan modifications and loan restructurings, refinancing, etc., to assist their borrowers through the financially uncertain times. Such programs were encouraged by federal regulatory agencies, the Federal Financial Institution Examination Council (FFIEC), as well as Maryland State Government including Governor Hogan's Office, the Commerce Department, and the Office. The majority of Maryland's financial institutions also took extra steps to directly aid their communities including actions such as donating funds and/or supplies to local non-profit organizations and instituting policies or practices to foster or ease the use of remote banking.

Consistent with the Office's primary mission of ensuring that consumers are able to conduct their financial transactions through safely and soundly managed institutions, the Office has continued, and through the start of FY 2021 continues, to support the State's financial institutions and their customer support efforts. In concert with federal agencies and Governor Hogan's Executive Orders, the Office issued regulatory guidance for Maryland institutions to help them manage through the pandemic. Though the pandemic is continuing into FY 2021, and the ultimate impact on Maryland businesses and citizens is unpredictable, at the end of FY 2020, Maryland and its citizens were experiencing movement towards a return to normalcy, albeit with mask wearing and social distancing mandates, as businesses began reopening and infection and death rates remained at relatively low levels.

When Governor Hogan ordered the closure of State government offices in March, the Office began conducting examinations remotely and virtually in an effort to protect Office staff and Maryland citizens from the spread of the virus. Since that time, all examination activity, from examination pre planning activity to final Board of Directors' exit meetings, was being conducted remotely via teleconference communications and/or via virtual meetings software and that practice continued into FY 2021. The Office intends to continue that practice for as long as deemed necessary for the protection and the well-being of staff, bank personnel, and Maryland citizens.

The Office supervises a total of 39 depository institutions, 28 of which are banks, seven are credit unions, and four are non-depository trust companies chartered by the Office. The Office also supervises the American Share Insurance Corporation ("ASI"), a private provider of deposit insurance to credit unions, which is based in Dublin, Ohio.

Bank Supervision

As anticipated in last year's Annual Report, continuing merger and acquisition activity in FY 2020 had an impact on Maryland banks and their aggregate reported performance. The number of Office-supervised banks decreased over the fiscal year from 32 to 28. Despite the reduction in the number of banks, the total assets held by banks under the Office's supervision grew by approximately 1% from $41.398 billion to $41.837 billion.

As to capital, Maryland banks' aggregate capital position decreased approximately 10.56% from $5.437 billion to $4.863 billion over the same period last fiscal year due primarily to declining earnings performance, dividend payouts, as well as the loss of four banks through acquisitions. The combined reported capital leverage ratio of 10.70% represented the first decline in that ratio in over four fiscal years and can be generally attributable to asset growth outpacing equity formation. Notwithstanding these lower levels, the Office believes that Maryland banks enter FY 2021 adequately and appropriately capitalized.

Throughout the year, the banks' aggregate level of net loans and leases as well as securities declined slightly. The overall level of allowance for loan and lease losses increased 41.5% to $422.3 million, due, in large part, to increased provisioning made in anticipation that the pandemic will result in lower overall asset quality. Asset quality performance indices experienced mixed results with non-performing assets declining to 0.77%, down from the 0.81% ending FY 2019, and other real estate owned decreasing by 20.28% to $46.2 million. However, net charge-offs to total loans and leases increased from 0.08% to 0.12%. Earnings performance also experienced an unfavorable trend during the year with a return on assets ("ROA") decreasing from 1.28% ending FY 2019 to 0.51% ending FY 2020. Much of the decrease may be attributed to increased provisions due to COVID-19, concessions bankers made to borrowers, and the decrease in the net interest margin ("NIM") due to the low interest rate environment. The aggregate NIM decreased from 3.81% as of FY-end 2019 to 3.62% as of FY-end 2020. From a funding perspective, banks have considerably more, 43.22%, on-balance sheet liquidity than was reported at the end of FY 2020.

Banks and credit unions reported an overall lower loans to deposit ratio than at the end of the previous fiscal year but they showed considerably more liquidity at the end of the fiscal year as consumers and businesses conserved their cash during the pandemic. Importantly, their liquidity was based on less volatile funding sources than reported in prior years. Contributing to the improved liquidity position may be the stimulus funds infused into the economy from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the resulting Small Business Administration's Payroll Protection Program that generated in excess of $10 billion in loans processed by Maryland financial institutions.

Safety and soundness examinations continued to be full scope and include assessing banks' capital levels, asset quality performance indices and trends, management oversight, earnings levels and trends, liquidity and funds management, sensitivity to market risk, and risk management practices, with an emphasis on commercial real estate lending and liquidity and lending concentrations. Information technology, cybersecurity, and the Bank Secrecy Act/Anti-Money Laundering reviews and assessments continue as essential components of all examinations.

The Office is pleased to report that it did not issue any formal enforcement actions during the fiscal year. To the extent that the Office had concerns with specific institutions, it addressed them through enhanced regulatory supervision and oversight employing a variety of means including: regular teleconference calls, visitations and targeted examinations conducted between scheduled full scope safety and soundness examinations, meetings with management and Boards of Directors, and off-site reviews and surveillance monitoring.

As a result of the consolidation of two state chartered institutions during FY 2020, Maryland now has its first state-chartered bank with over $10 billion in total assets. There is another bank approaching that same milestone with $9.782 billion in assets ending June 2020. When a bank reaches $10 billion in total assets they are required to comply with a variety of additional federal regulations that only apply to larger institutions. In addition, those banks become subject to the examination and supervisory authority of the Consumer Financial Protection Bureau which examines them to ensure their compliance with federal consumer financial laws.

Interest rates are expected to remain flat through FY 2021, and competition for loans and deposits is likely to remain strong—providing challenges in Maryland markets that will require Maryland's bankers to work diligently and carefully to manage their institutions. Topics in the forefront of the Office's work in FY 2021 continue to include pandemic responses, close monitoring of bank loan quality and servicing practices, cybersecurity, transition from LIBOR, elder abuse, and succession planning for both management and Boards of Directors. Interest rate risk, the proposed Current Expected Credit Loss (CECL) reserve methodology, and the Bank Secrecy Act will also continue to receive attention throughout the fiscal year.

Maryland banks continue to have a significant impact on the regional economy. Even with the number of bank mergers and acquisitions in the industry, community banks are essential in serving the community, consumers, and small businesses. The Office is committed to assisting bank management in managing and fulfilling these essential functions, especially during the COVID-19 pandemic. The Office has and will continue to issue regulatory guidance, as necessary, as well as address institution-specific situations as they arise. The Office will remain in active dialogue with bank management teams throughout the state and regularly seek out and participate in outreach events sponsored by the Maryland Bankers Association, the Federal Deposit Insurance Corporation (FDIC) and Federal Reserve Bank.

Credit Union Supervision

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

Overall, in FY 2020, credit unions' total assets increased to $6.682 billion from $6.090 billion ending FY 2019. Over the same period, total loans increased to $4.676 billion from $4.656 billion, shares and deposits increased to $5.881 billion from $5.328 billion, and total capital increased to $686.3 million from $649.0 million. Additionally, the period saw the credit unions' net worth decline from 10.91% of total assets to 10.27% of total assets, as asset growth outpaced equity formation, while their combined ROA declined from 0.42% to 0.18% as a result of concessions made to members and a low interest rate environment.

Like Maryland's banks, Maryland credit unions also benefited from a strong economy until being confronted with the global pandemic. They continued to serve their membership during the pandemic and during the recent period of declining profitability that was due, in part, to COVID-19 related reasons. The Office is committed to assisting credit union management with leading their institutions while meeting the needs of their membership, especially during these trying times. The Office has and will continue to issue regulatory guidance, as necessary, and the

Commissioner and staff will remain in active dialogue with credit union management teams, as well as regularly seek out and participate in outreach events sponsored by the MD|DC Credit Union Association and the National Credit Union Administration.

Commissioner Salazar speaking at a MD|DC Credit Union Association event.

Non-Depository Trust Company Supervision

Maryland's four state-chartered non-depository trust companies continued to benefit from a strong economy until the downturn in national and international equities and bond markets brought about by the lock-downs and other governmental responses to the COVID-19 pandemic. Managed and non-managed assets continued to grow with total assets-under-management increasing to $461.532 billion at FY 2020 end from $428.296 billion at the end of FY 2019. The companies anticipate continued growth in FY 2021 notwithstanding the pandemic. For the last six months of FY 2020, trust companies generated net income in excess of $53.7 million.

Safety and soundness examinations are full scope, focusing on: asset management, earnings, capital, management, operations, internal controls and audit, the Bank Secrecy Act/Anti-Money Laundering compliance, information technology and cybersecurity, as well as hard-to-value assets.

The trust companies continue to monitor volatility and economic conditions in national and international bond and equity markets, especially in light of any uncertainties relating to the global pandemic, interest rate fluctuations, and volatility of real estate market segments.

Depository Corporate Activities

Continued Asset Growth and Consolidation among Maryland State-chartered Institutions

The Office began the fiscal year with regulatory responsibility for 32 banks and ended the fiscal year with responsibility for 28 banks with $41.837 billion in total assets. Over the past five years, the number of Maryland state-chartered banks has declined 40% from 46 in 2015 to 28 by the end of FY 2020. Two additional mergers are anticipated in FY 2021.

While bank consolidation activity has been accompanied by continued asset growth, the Office has some concern about the impact the ongoing consolidation of Maryland state-chartered banks has on potential local decision making and control. The Office proposed legislation to start addressing those concerns in the form of Senate Bills 14 and 15 which passed in the 2020 session of Maryland's General Assembly. The bills were intended to make it easier for organizers to start a new bank and to streamline the application process for Maryland state-chartered banks seeking to exercise additional powers.

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

The Office approved an expedited low income designation application for a Maryland state-chartered credit union to participate in grant opportunities to support credit union members and the community during the COVID-19 pandemic. The Office also approved an expedited courier services application for a state-chartered bank to provide home courier service to assist house-bound consumers during the COVID-19 pandemic.

The Office has maintained ongoing communication with Maryland state-chartered banks and credit unions about branch hours, servicing and enhanced cleaning protocols in light of the COVID-19 pandemic. During the year, the Office established a "warm hand-off" process with our counterparts at the Maryland Department of Assessments and Taxation (SDAT) in an effort to improve the experience for the parties that work on Corporate Activities that must be filed with SDAT. The Office continues to work with financial institutions to process applications and documentation electronically in a responsive manner.

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 over the next few years.

Four state-chartered banks were acquired and merged during the fiscal year: (1) Columbia Bank into Fulton Bank, N.A., headquartered in Lancaster, Pennsylvania; (2) Old Line Bank into WesBanco Inc., headquartered in Wheeling, West Virginia; (3) Frederick County Bank into ACNB Bank headquartered in Gettysburg, Pennsylvania; and (4) Revere Bank into Sandy Spring Bank, headquartered in Olney, Maryland. Additionally (5) Madison Bank of Maryland, a federal savings association was acquired and merged into BayVanguard Bank, headquartered in Baltimore, Maryland.

The Office received an additional merger application for the 2021 fiscal year. Lastly, the Office was advised toward the end of fiscal year 2020 that Maryland's de novo bank in formation, NXG Bank, would withdraw its bank application in fiscal year 2021 as a result of the economic impacts of the COVID-19 pandemic.

Depository Institutions – List of Figures

Tables, charts and graphs on pages 33 through 43.

FIGURE 1. Consolidated Statement of Financial Condition – State-Chartered Banks

Fiscal Years Ending June 30th

(in thousands)

ASSETS	FY 2020	FY 2019	% Change
Cash and Balances Due from Depository Institutions:			
Non-Interest Bearing & Currency/Coin	$ 602,843	$ 450,213	33.90%
Interest Bearing Balances	$ 2,705,614	$ 1,178,724	129.54%
Securities	$ 3,747,885	$ 4,027,665	-6.95%
Federal Funds Sold and Securities Purchased Under Agreements to Sell	$ 97,895	$ 49,296	98.59%
Loans and Leases, Net of Unearned Income	$ 32,387,626	$ 32,918,168	-1.61%
(Allowance for Loan and Lease Losses)	$ (422,277)	$ (298,378)	41.52%
Trading Account Assets	$ -	$ 27,233	-100.00%
Premises and Fixed Assets (including capitalized leases)	$ 448,191	$ 579,932	-22.72%
Other Real Estate Owned	$ 46,152	$ 57,892	-20.28%
Intangible Assets	$ 671,907	$ 917,946	-26.80%
Other Assets	$ 1,128,591	$ 1,191,061	-5.24%
Total Assets	**$ 41,836,704**	**$ 41,398,131**	**1.06%**
LIABILITIES	**FY 2020**	**FY 2019**	**% Change**
Total Deposits	$ 33,705,264	$ 33,083,982	1.88%
Federal Funds Purchased & Repurchase Agreements	$ 249,910	$ 320,046	-21.91%
Trading Liabilities	$ -	$ 27,245	-100.00%
Subordinated Debt	$ 31,244	$ 30,767	1.55%
Other Borrowed Funds	$ 2,619,558	$ 2,202,697	18.93%
Other Liabilities	$ 368,174	$ 295,755	24.49%
Total Liabilities	**$ 36,974,150**	**$ 35,960,492**	**2.82%**
EQUITY CAPITAL	**FY 2020**	**FY 2019**	**% Change**
Perpetual Preferred Stock	$ -	$ -	
Common Stock	$ 151,677	$ 231,117	-34.37%
Surplus	$ 2,734,669	$ 2,984,276	-8.36%
Undivided Profits and Capital Reserves	$ 1,976,209	$ 2,222,245	-11.07%
Total Equity Capital	**$ 4,862,555**	**$ 5,437,638**	**-10.58%**
Total Liabilities and Equity	**$ 41,836,705**	**$ 41,398,130**	**1.06%**

FIGURE 2. Ratios from Consolidated Statements of Financial Condition of All State-Chartered Banks

Fiscal Years Ending June 30th

YEAR ENDED JUNE 30TH	FY 2020	FY 2019	FY 2018
Return on Assets	0.51	1.28%	1.21%
Net Interest Margin	3.62%	3.81%	3.94%
Total Loans to Total Deposits	96.09%	99.50%	100.47%
Total Loans to Core Deposits	110.57%	117.20%	116.43%
Total Loans to Total Assets	77.41%	79.52%	78.83%
ALLL to Total Loans	1.29%	0.90%	0.87%
Noncurrent Loans to Total Loans	0.84%	0.84%	0.76%
Tier 1 Leverage Capital	10.70%	11.33%	10.74%
Tier 1 Risk-Based Capital	***	13.02%	12.40%
Total Risk-Based Capital	14.09%	13.95%	13.30%
Common Equity Tier 1 Capital	***	13.02%	12.40%

*** NOTE: As of March 2020, not available for institutions that have elected the Community Bank Leverage Ratio (CBLR) framework and not available for most standard peer groups.

FIGURE 3. Bank Prior Period End Totals

Fiscal Years Ending June 30th
(in thousands)

YEAR	TOTAL ASSETS	TOTAL LOANS	SECURITIES	TOTAL DEPOSITS	TOTAL CAPITAL
2020	$ 41,836,704	$ 32,387,626	$ 3,747,885	$ 33,705,264	$ 4,862,555
2019	$ 41,398,131	$ 32,918,168	$ 4,027,665	$ 33,083,982	$ 5,437,638
2018	$ 39,409,185	$ 31,067,419	$ 3,922,176	$ 30,921,037	$ 4,910,628
2017	$ 34,018,542	$ 26,405,546	$ 3,820,310	$ 27,478,399	$ 3,889,011
2016	$ 30,855,474	$ 23,696,672	$ 3,825,527	$ 25,124,361	$ 3,369,988
2015	$ 28,478,385	$ 21,060,087	$ 3,933,505	$ 23,258,555	$ 3,184,490
2014	$ 25,528,399	$ 18,403,723	$ 3,985,378	$ 20,778,710	$ 2,795,578

FIGURE 4. State-Chartered Bank Growth Trends

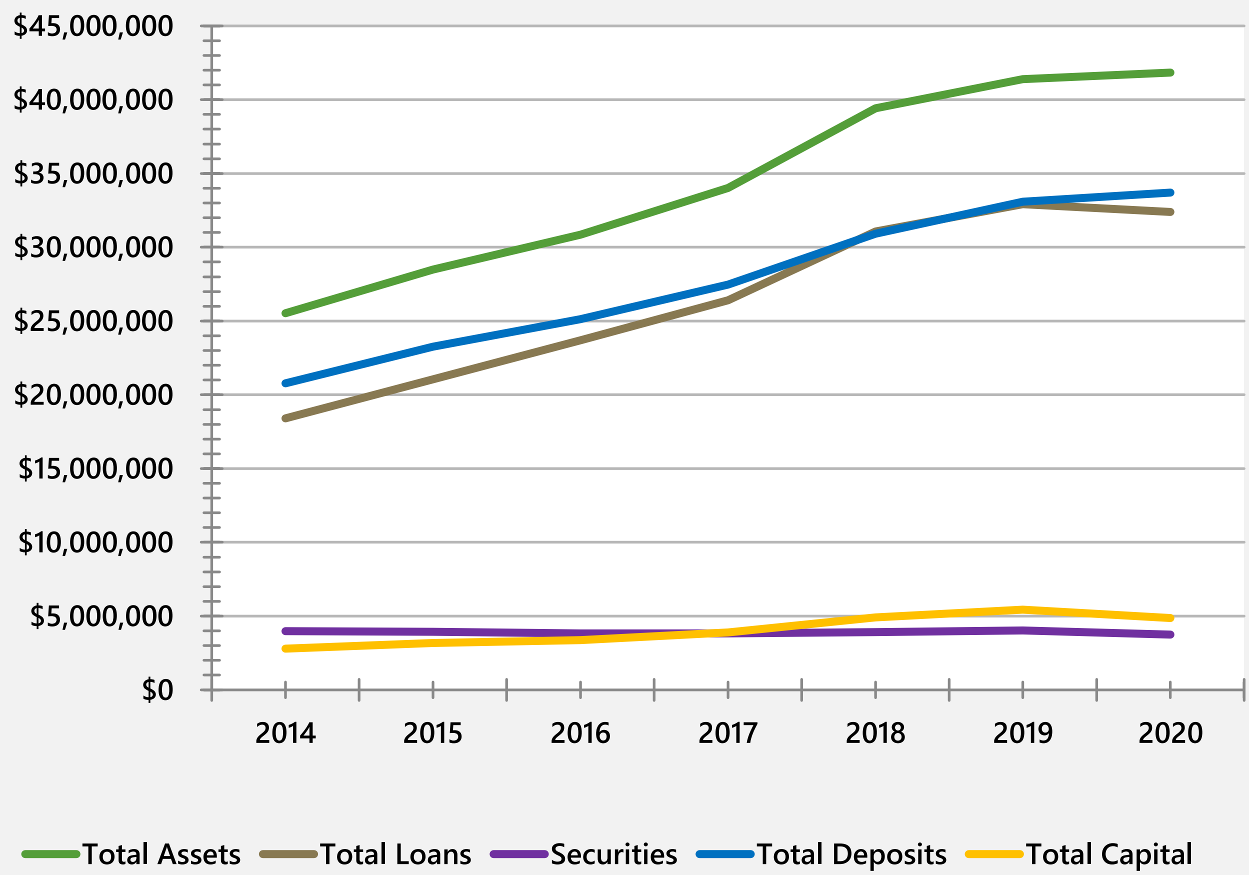


FIGURE 5. Trust Assets Reported by State-Chartered Trust Companies

Fiscal Year Ending June 30, 2020
(in thousands)

FULL SERVICE TRUST COMPANIES	MANAGED	NON-MANAGED	CUSTODIAL	TOTAL
First United Bank & Trust	$ 833,416	$ 66,376	$ 2,608	$ 902,400
Sandy Spring Bank	$ 1,435,605	$ 136,154	$ 24,919	$ 1,596,678
Total Assets - Full Service Trust Companies	**$ 2,269,021**	**$ 202,530**	**$ 27,527**	**$ 2,499,078**
NON-DEPOSITORY TRUST COMPANIES	**MANAGED**	**NON-MANAGED**	**CUSTODIAL**	**TOTAL**
Brown Investment Advisory & Trust Co.	$ 5,998,052	$ 796,496	$ 0	$ 6,794,548
Chevy Chase Trust Company	$ 11,859,658	$ 21,698,458	$ 3,044,648	$ 36,602,764
NewTower Trust Company	$ 10,681,930	$ 0	$ 0	$ 10,681,930
T. Rowe Price Trust Company	$ 191,446,275	$ 216,006,700	$ 0	$ 407,452,975
Total Assets - Non-Depository Trust Companies	**$ 219,985,915**	**$ 238,501,654**	**$ 3,044,648**	**$ 461,532,217**
Grand Total - Full Service & Non-Depository Trust Companies	**$ 22,254,936**	**$ 238,704,184**	**$ 3,072,175**	**$464,031,295**

FIGURE 6. Consolidated Statement of Financial Condition – State-Chartered Credit Unions

Comparative Figures for Fiscal Years Ending June 30th (in thousands)

ASSETS	FY 2020	FY 2019	% Change
Cash & Balances Due From Depository Inst.	$ 866,488	$ 467,570	85.32%
Investments & Securities	$ 705,943	$ 733,687	(3.78%)
Total Loans	$ 4,675,647	$ 4,655,584	0.43%
Allowance for Loan and Lease Losses	$ (40,894)	$ (39,407)	3.77%
Premises and Fixed Assets	$ 75,247	$ 70,624	6.55%
Other Assets	$ 251,537	$ 148,894	68.94%
Total Assets	**$ 6,682,139**	**$ 6,089,507**	**9.73%**
LIABILITIES	**FY 2020**	**FY 2019**	**% Change**
Members' Shares and Deposits	$ 5,881,260	$ 5,327,541	10.39%
Borrowed Money	$ 60,571	$ 44,000	37.66%
Other Liabilities	$ 55,096	$ 68,957	(20.10%)
Total Liabilities	**$ 5,996,928**	**$ 5,440,498**	**10.23%**
Total Net Worth	**$ 686,290**	**$ 649,009**	**5.74%**
Total Liabilities and Equity	**$ 6,682,139**	**$ 6,089,507**	**9.73%**

FIGURE 7. Ratios from Consolidated Statements of Financial Condition – All State-Chartered Credit Unions

Fiscal Years Ending June 30th

ADDITIONAL INFORMATION AS OF JUNE 30TH	2020	2019	2018
Net Worth to Total Assets	10.27%	10.91%	10.58%
Net Worth to Members' Shares & Deposits	11.67%	12.47%	12.12%
Total Loans to Total Assets	69.97%	76.45%	76.16%
Total Loans to Members' Shares & Deposits	79.50%	87.39%	87.25%
ALLL* to Total Loans	0.87%	0.85%	0.79%
Return on Assets (annualized)	0.18%	0.42%	0.65%

* = Allowance for Loan and Lease Losses

FIGURE 8. Credit Union Prior Period End Totals

Fiscal Years Ending June 30th
(in thousands)

YEAR	TOTAL ASSETS	TOTAL LOANS	SHARES & DEPOSITS	TOTAL CAPITAL
2020	$ 6,682,139	$ 4,675,647	$ 5,881,260	$ 686,290
2019	$ 6,089,506	$ 4,655,584	$ 5,327,541	$ 649,009
2018	$ 5,897,917	$ 4,491,816	$ 5,148,133	$ 624,210
2017	$ 5,637,718	$ 4,172,460	$ 4,947,779	$ 606,295
2016	$ 5,343,323	$ 3,749,515	$ 4,692,960	$ 586,882
2015	$ 5,209,730	$ 3,416,507	$ 4,572,049	$ 561,533
2014	$ 5,089,764	$ 3,151,477	$ 4,466,368	$ 532,551

FIGURE 9. State-Chartered Credit Union Growth Trends

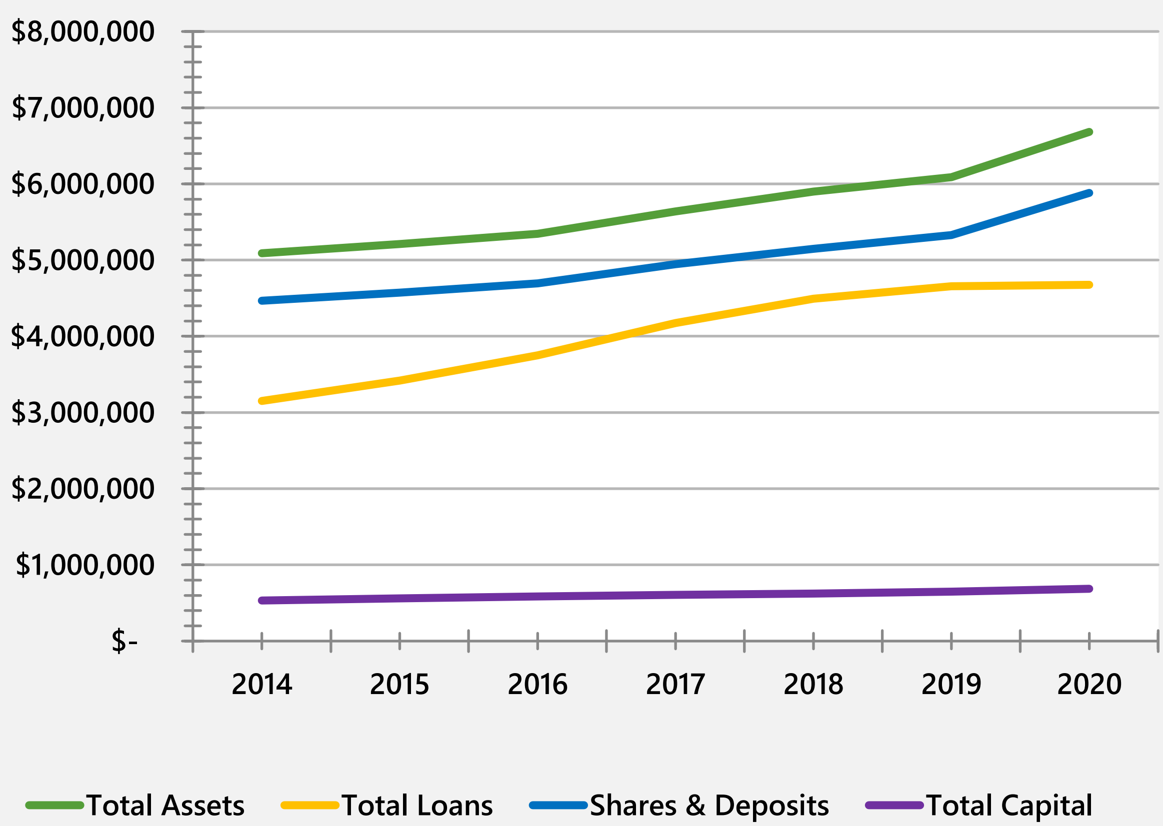


FIGURE 10. Selected Balance Sheet Items – State-Chartered Credit Unions

Fiscal Year Ending June 30, 2020
(in thousands)

CREDIT UNION NAME	TOTAL ASSETS	TOTAL LOANS	SHARES & DEPOSITS	TOTAL CAPITAL
ASI Private Share Insurance				
Post Office Credit Union of MD, Inc.	$ 32,445	$ 6,273	$ 23,763	$ 8,598
National Credit Union Share Insurance				
Central Credit Union of MD, Inc.	$ 42,992	$ 15,713	$ 38,294	$ 4,528
Destinations Credit Union	$ 64,187	$ 31,070	$ 55,179	$ 8,826
HAR-CO Credit Union	$ 208,118	$ 131,832	$ 188,463	$ 18,668
Municipal Employees Credit Union of Baltimore, Inc.	$ 1,289,214	$ 745,041	$ 1,122,335	$ 145,159
Point Breeze Credit Union	$ 840,016	$ 492,115	$ 720,574	$ 116,868
State Employees Credit Union of MD, Inc.	$ 4,205,168	$ 3,253,604	$ 3,732,652	$ 383,644
Total All State Chartered Credit Unions	**$ 6,682,139**	**$ 4,675,647**	**$ 5,881,260**	**$ 686,290**

FIGURE 11. Banks, Credit Unions, and Trust Companies – Activity on Select Applications

Fiscal Year Ending June 30, 2020

MERGERS and ACQUISITIONS		
Surviving Institution Main Location	**Merged/Acquired Institution Main Location**	**Approval**
Fulton Bank, N.A. Lancaster, PA	Columbia Bank, The Columbia, MD	10/01/2019
Wesbanco, Inc. Wheeling, WV	Old Line Bancshares, Inc. Bowie, MD	11/12/2019
ACNB Corporation Gettysburg, PA	Frederick County Bancorp, Inc. Frederick, MD	12/12/2019
ACNB Bank Gettysburg, PA	Frederick County Bank Frederick, MD	12/12/2019
BV Financial, Inc. Baltimore, MD	MB Bancorp, Inc. Forest Hill, MD	01/17/2020
BayVanguard Bank Baltimore, MD	Madison Bank of Maryland Forest Hill, MD	01/17/2020
Sandy Spring Bancorp, Inc. Olney, MD	Revere Bank Laurel, MD	01/24/2020
Sandy Spring Bank Olney, MD	Revere Bank Laurel, MD	01/24/2020
Farmers and Merchants Bancshares, Inc. Upperco, MD	Carroll Bancorp, Inc. Sykesville, MD	Pending
Farmers and Merchants Bank Upperco, MD	Carroll Community Bank Sykesville, MD	Pending

AFFILIATES		
Institution Name Main Location	**Affiliate**	**Approval**
Sandy Spring Bank Olney, MD	SSB Wealth Management, Inc. Olney, MD	01/07/2020
BV Financial, Inc. Baltimore, MD	BayVanguard Interim Corp. Baltimore, MD	01/17/2020
Farmers and Merchant Bank Upperco, MD	Anthem Acquisition Corp Upperco, MD	Pending

FIGURE 12. State-Chartered Commercial Banks and Savings Banks – Principal Location, Assets, and CRA Ratings

Fiscal Year Ending June 30, 2020

BANK NAME	PRINCIPAL LOCATION	TOTAL ASSETS (in thousands)	NO. OF BRANCHES	CRA RATING
Bank of Glen Burnie	Glen Burnie	$ 418,278	8	Satisfactory
Bank of Ocean City	Ocean City	$ 449,715	5	Satisfactory
BayVanguard Bank	Baltimore	$ 420,928	10	Satisfactory
Calvin B. Taylor Banking Company	Berlin	$ 642,702	12	Satisfactory
Carroll Community Bank	Sykesville	$ 189,980	2	Satisfactory
Cecil Bank	Elkton	$ 200,337	7	Satisfactory
CFG Bank	Baltimore	$ 1,620,357	2	Satisfactory
Chesapeake Bank and Trust Co	Chestertown	$ 110,506	3	Satisfactory
Community Bank of the Chesapeake	Waldorf	$ 2,091,776	12	Satisfactory
Congressional Bank	Potomac	$ 1,539,803	7	Satisfactory
EagleBank	Bethesda	$ 9,781,732	21	Outstanding
1880 Bank	Cambridge	$ 400,384	6	Satisfactory
Farmers and Merchants Bank	Upperco	$ 504,790	8	Satisfactory
Farmers Bank of Willards	Willards	$ 440,324	9	Satisfactory
First United Bank and Trust	Oakland	$ 1,625,043	25	Satisfactory
Glen Burnie Mutual Savings Bank	Glen Burnie	$ 102,497	1	Satisfactory
Harbor Bank of Maryland	Baltimore	$ 327,919	6	Satisfactory
Harford Bank	Aberdeen	$ 454,499	9	Satisfactory
Hebron Savings Bank	Hebron	$ 698,578	13	Satisfactory
Howard Bank	Baltimore	$ 2,463,356	16	Satisfactory
Middletown Valley Bank	Middletown	$ 668,108	7	Satisfactory
North Arundel Savings Bank	Pasadena	$ 44,458	1	Satisfactory
The Peoples Bank	Chestertown	$ 275,269	7	Satisfactory
Provident State Bank, Inc.	Preston	$ 523,530	10	Satisfactory
Queenstown Bank of Maryland	Queenstown	$ 549,554	8	Satisfactory
Sandy Spring Bank	Olney	$ 13,276,629	67	Outstanding
Shore United Bank	Easton	$ 1,718,945	22	Satisfactory
Woodsboro Bank	Woodsboro	$ 296,707	7	Satisfactory
Total: 28		**$ 41,836,704**	**311**	

FIGURE 13. State-Chartered Credit Unions – Assets and Field of Membership Type

Fiscal Year Ending June 30, 2020

NAME	PRINCIPAL LOCATION	TOTAL ASSETS (in thousands)	NO. OF BRANCHES	FIELD OF MEMBERSHIP TYPE
Central Credit Union of Maryland	Towson	$ 42,992	2	Multiple Common Bond
Destinations Credit Union	Parkville	$ 64,187	2	Multiple Common Bond
HAR-CO Credit Union	Bel Air	$ 208,118	3	Community Common Bond
Municipal Employees Credit Union of Baltimore (MECU)	Baltimore	$ 1,289,214	9	Multiple Common Bond
Point Breeze Credit Union	Hunt Valley	$ 840,016	5	Multiple Common Bond
Post Office Credit Union of MD, Inc.	Baltimore	$ 32,445	1	Single Common Bond
State Employees Credit Union of Maryland, Inc. (SECU)	Linthicum	$ 4,205,168	22	Multiple Common Bond
Total: 7		$ 6,682,139	44	

FIGURE 14. State-Chartered Non-Depository Trust Companies – Location and Business Type

Fiscal Year Ending June 30, 2020

TRUST COMPANY NAME	PRINCIPAL LOCATION	TRUST/FIDUCIARY BUSINESS PURPOSE
Brown Investment Advisory and Trust Co.	Baltimore	Investment Advisory Services
Chevy Chase Trust	Bethesda	Investment Management/Financial Planning
NewTower Trust Company	Bethesda	Trustee for Multi-Employer Property Trust
T. Rowe Price Trust Company	Baltimore	Investment Management
Total: 4		

FIGURE 15. National Banks and Federal Savings Banks Headquartered in Maryland – Principal Location and Total Assets

Fiscal Year Ending June 30, 2020

BANK	PRINCIPAL LOCATION	TYPE OF CHARTER	TOTAL ASSETS (in thousands)
Arundel Federal Savings Bank	Glen Burnie, MD	FSB	$434,345
Capital Bank, N.A.	Rockville, MD	NB	$1,789,500
Chesapeake Bank of Maryland	Parkville, MD	FSB	$234,965
Eastern Savings Bank, FSB	Hunt Valley, MD	FSB	$326,810
First Shore Federal Savings & Loan Assoc.	Salisbury, MD	FSB	$324,375
Homewood Federal Savings Bank	Baltimore, MD	FSB	$62,008
Jarrettsville Federal Savings & Loan Assoc.	Jarrettsville, MD	FSB	$122,715
Presidential Bank, FSB	Bethesda, MD	FSB	$688,529
Rosedale Federal Savings &Loan Assoc.	Nottingham, MD	FSB	$1,002,784
Severn Savings Bank, FSB	Annapolis, MD	FSB	$913,830
Total: 10			**$5,899,861**

Licensing

Opening Doors for Business

The Licensing Unit ("Unit") is responsible for the licensing and registration of financial services providers, including mortgage lenders, brokers, services, and loan originators, money transmitters, check cashers, check casher registrants, debt management services providers, debt settlement services providers, consumer lenders, installment lenders, sales finance companies, credit services businesses, credit reporting agencies, and collection agencies. At the end of FY 2020, the Office licensed 18,867 individuals and business entities representing an increase of approximately 12.06% in the number of active licenses compared to the end of FY 2019. Similarly, at the end of FY 2020, the Office registered 158 individuals and business entities representing an increase of approximately 12.74% in the number of active registrations compared to the end of FY 2019.

Nationwide Multistate Licensing System

The Unit continues to utilize the Nationwide Multistate Licensing System (NMLS) to process, approve, and manage license/registration requests and records. To that end, the Commissioner designated the period of August 1, 2019 through September 30, 2019 as the period for transitioning the registration of debt settlement services providers to the NMLS, including transferring their registration information to NMLS during that two-month period. Consequently, starting in the past fiscal year all new debt settlement services registrations were submitting their registration through NMLS.

As noted above, during the 2020 legislative session, the General Assembly passed, and Governor Hogan signed into law, Senate Bill 939, which brings a major change to Maryland's check casher law. Specifically, unlike under prior law, according to the new law, those who charge 1.5% or less when cashing checks "incidental" to retail sales will have to register with the Commissioner. This registration will be a new registration type in NMLS. The Unit has been preparing for the effective date of this new legislative mandate which will go into effect in FY 2021.

Additionally, with the goal of managing all licensing and registration activity on the NMLS, the Office continued to pursue credit reporting agency regulations in FY 2020 that would require consumer reporting agencies to transfer their Maryland registrations to the NMLS. Additionally, the new regulation would require all new registrations to be submitted through NMLS. That proposal will be implemented in FY 2021 achieving the goal of managing all license and registration activities through the NMLS. This has been a key strategic initiative of the Unit, which when complete, will result in greater efficiencies, better coordination among states, and a reduction in regulatory burden.

Operational Efficiencies

Throughout FY 2020, the Unit continued to improve its operations, systems, and infrastructure, to streamline and modernize its process all designed for greater efficiency and effectiveness. To that end, the Unit made substantial advances in updating policies and procedures and finalizing an initial draft documenting those changes with an anticipated rollout date in FY 2021. In support of this project, the Unit worked with the Department's IT staff to develop an automated solution for checking the good standing of all licensees in collaboration with the Department of Assessments and Taxation. The Unit receives regular reports through this automated process that will inform Unit staff if an entity becomes ineligible to operate in the State due to a change in the status of its corporate registration. Not only will this new process enhance Unit resource capacity, but it will also reduce regulatory burden as the Office can easily communicate with those licensees and registrants for which a change has occurred without any additional burden on all other entities who remain in good standing with the State.

Similarly, in FY 2020 the Unit continued to update processes to meet NMLS implementation goals, including full implementation and utilization of Electronic Surety Bonds as well as continued expansion of the NMLS auto-renewal functionality to new license types. The work done with auto-renewal in FY 2020 will be the foundation for the substantial expansion of the use of this functionality in FY 2021.

Finally, in FY 2020, the Office signed onto the Multistate Money Services Businesses Licensing Agreement (MMLA) Program which was established to create a more efficient money service business (MSB) licensing process among state regulators. State regulators recognized the pain points MSB companies were experiencing when seeking licensure in individual states, including different legal requirements, resources and turn times, procedural requirements and interpretations, and satisfying these similar requirements in each state. The MMLA allows applicants who wish to apply for licensure in more than one state to streamline the process by allowing one state to review core application requirements and allow the other states to rely on that review. States would then only review state specific requirements, if any, and the licensure process would be more consistent and more efficient. Through this initiative, Maryland has processed and completed five (5) multi-state applications.

During fiscal year 2020, due to unlicensed activity, the Unit was successful in collecting $2,496,844 in restitution on behalf of Maryland consumers and imposing $25,660 in civil monetary penalties against unlicensed entities.

Licensing Training and Outreach

Unit staff participated in the NMLS Annual Conference and Training ("Conference") this fiscal year. The Conference afforded participants the opportunity to network with state regulators and industry representatives.

Commissioner Salazar with staff, recognizing their years of service.

New Business Licensees and Total Business Licensees, by Category

Fiscal Years 2019 and 2020

LICENSE CATEGORY	NEW LICENSEES FY 2020	TOTAL LICENSEES FY 2020	NEW LICENSEES FY 2019	TOTAL LICENSEES FY 2019
Affiliated Insurance Producer-Mortgage Loan Originator	3	50	6	66
Check Casher	16	242	24	263
Collection Agency	140	1,578	188	1,545
Consumer Loan	27	205	24	193
Credit Service Business	11	36	10	37
Debt Management	1	24	1	24
Installment Loan	21	178	25	183
Money Transmitter	22	208	34	198
Mortgage Lender	603	2,646	581	2,389
Mortgage Loan Originator	3,457	12,750	2,534	11,015
Registered Exempt Mtg. Lender	1	13	2	15
Sales Finance	134	847	136	831
TOTAL	4,636	18,777	3565	16,759

New Business Registrants and Total Business Registrants by Category

Fiscal Years 2019 and 2020

REGISTRANT CATEGORY	NEW REGISTRANTS FY 2020	TOTAL REGISTRANTS FY 2020	NEW REGISTRANTS FY 2019	TOTAL REGISTRANTS FY 2019
Credit Reporting Agencies	3	53	18	55
Debt Settlement Services	7	36	7	34
TOTAL	10	89	25	89

Non-Depository Supervision

Mortgage, Consumer Credit, and Money Services Businesses

The Non-Depository Supervision Unit supervises the individuals and businesses that are licensed or registered to provide credit and other financial services to Maryland consumers.

These financial service providers include mortgage lenders, brokers, servicers, and originators, money transmitters, debt management services providers, debt settlement services providers, collection agencies, credit reporting agencies, check cashers, consumer lenders, sales finance companies, credit service businesses, and installment loan companies.

Commissioner Salazar and Financial Regional staff visiting a new sales financing licensee for a "meet and greet".

Many of the institutions regulated by the Commissioner offer a number of products and services, and hold multiple licenses. There are nearly 14,000 licensed individuals, and more than 6,000 businesses holding licenses or registrations, subject to supervision by the Commissioner.

Given current examination authority, the Unit maintains a regular examination program for mortgage service providers, money transmitters, and debt service providers. During examinations, Unit staff members assess the operations of these licensees to ensure that they are complying with applicable laws and regulations and operating in a safe and sound manner, minimizing risks to Maryland consumers. In FY 2020, the Non-Depository Supervision Unit completed a total of 280 examinations and recovered a total of $144,069 in restitutions and fines.

As technology moves forward in the financial services industry, the Unit must respond accordingly. In FY 2020, eleven Unit staff members attended a three-day "IT and Cybersecurity Training for Examiners" course sponsored by the Conference of State Bank Supervisors (CSBS). (Six other staff members had attended the course in FY 2019.) This course was intended to improve examiners' ability to understand and assess the information technology systems and cybersecurity programs of the businesses supervised by the Unit enabling the examiners to better ensure that the personal information of Maryland consumers is adequately protected.

In FY 2020, the Unit began implementing use of the State Examination System (SES) developed by State Regulatory Registry, LLC (SRR), a CSBS subsidiary that operates the Nationwide Multistate Licensing System (NMLS). SES is a comprehensive system for examination management which simplifies communication between regulators and licensees during examinations, allows for customized information requests from regulators to licensees, provides for secure transmission of electronic documents from licensees to regulators, allows for storage of examination records, and aids in the sharing of examinations among states. Unit staff members engaged in extensive online training for use of the system and supervisory staff added examination procedures and information request items specific to Maryland law and regulation to the system's libraries. The first examinations using the new system will take place early in FY 2021.

Mortgage Supervision

The Mortgage Supervision Unit supervises the business activities of licensed mortgage brokers, lenders, servicers, and loan originators in the State. Companies that maintain a Maryland Mortgage Lender License are licensed to conduct mortgage brokering, lending, and servicing activity with regard to Maryland residential mortgage loans. Individuals that maintain a Maryland Mortgage Loan Originator License are employees of a mortgage lender licensee and are licensed to take mortgage loan applications from Maryland residents and negotiate loan terms.

The Unit is responsible for conducting examinations of licensed mortgage lenders whose range of services and business models, coupled with the multitude of laws and regulations governing the extension of credit and the servicing of debt obligations thereafter, require complex review and analysis. In addition to Maryland lending and credit laws, examiners evaluate compliance with federal laws, including the Real Estate Settlement Procedures Act, the Truth in Lending Act, the Secure and Fair Enforcement for Mortgage Licensing (SAFE) Act of 2008, and state foreclosure laws.

FY 2020 brought a change in examination scheduling requirements for Mortgage Lender licensees as the General Assembly, during its 2019 session, amended the law governing the scheduling requirements. The revised statute took effect October 1, 2019 and changed the examination requirement from once during any 36-month period to once during any 60-month period. Maryland law retained the requirement that new licensees be examined within 18 months of initial licensure. This change was made in order to provide the Unit with the flexibility to conduct "risk-based" examinations. A risk-based approach allows the Unit to examine well-managed, compliant businesses less frequently than those deemed risky so the Unit can place greater emphasis on the examination of businesses that pose a heightened risk to Maryland consumers.

In FY 2020, the Unit commenced examinations, based on statutory timing requirements, of 93 licensed entities, holding a total of 166 licenses. Of those examinations, 99% were commenced in a timely manner. Additionally, examinations of 8 licensees, holding a total of 16 licenses, were commenced on a risk basis. During FY 2020, the Unit identified a process break in the system functionality relating to the reporting of examinations due, and identified 11 licensees, holding a total of 15 licenses, who should have been examined in prior years but weren't. Examination of these licensees was also commenced and the Unit implemented a process fix to address the process break. The Unit completed examinations of 257 licensed entities, holding a total of 727 licenses; some of these examinations had commenced prior to the start of the fiscal year.

The Unit continues to take an active role in multi-state examinations of mortgage lenders, brokers, and/or servicers. These multi-state examinations benefit both consumers and industry. States benefit as the use of a large, multi-state team of examiners results in a more robust, more detailed examination than a single state could perform on its own, while businesses are less burdened because they are better able to manage one large examination than a series of smaller, individual state examinations.

In FY 2020, the Unit participated in four joint examinations with other states under the auspices of the American Association of Residential Mortgage Regulators ("AARMR") and the Conference of State Bank Supervisors' Multistate Mortgage Committee ("MMC"). Two of these examinations commenced during FY 2019 and concluded during FY 2020, while two commenced during FY 2020. The Unit also continued to coordinate and share examination findings with the Consumer Financial Protection Bureau (CFPB) under the terms of a 2013 coordination framework. Two of the four joint examinations in which the Unit participated were conducted on a coordinated basis with the CFPB.

The Office previously received mortgage supervision accreditation as administered and assessed through the AARMR/CSBS accreditation program. Accreditation is valid for five years. The Unit's examination program is one of the most significant components of accreditation and therefore the Unit continued during FY 2020 to refine and update the program to ensure that the Unit's examinations meet the high standards expected of an accredited agency.

Employees of the Unit continue to maintain their professional competence through continuing education. In addition to the cybersecurity training mentioned previously, five examiners attended AARMR's Fall 2019 Training School in Albuquerque, New Mexico, which focused on Anti-Money Laundering and Bank Secrecy Act compliance requirements for the mortgage industry. The Unit's more tenured Examiners continue to maintain Certified Mortgage Examiner or Certified Senior Mortgage Examiner certifications issued by CSBS. In addition, three examiners hold the Certified Fraud Examiner designation and attended training sponsored by the Association of Certified Fraud Examiners.

In FY 2020, the Unit continued to have an employee appointee on the MMC, 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.

Money Services and Consumer Credit Supervision

Money transmitters transmit funds electronically and provide money orders, travelers' checks, bill payer services, accelerated mortgage payment services (bi-weekly mortgage payment services) and prepaid stored value cards, as well as new, consumer-friendly money service technologies.

Of all areas within the financial services industry, it is money transmission that is experiencing the most significant and most rapid technological innovation as businesses compete to provide consumers with convenient, easily accessible ways to manage and move money. Additionally, the growing use of virtual currencies has forced regulators to consider how the movement of these currencies should be viewed under existing money transmission laws and regulations and whether changes in the regulatory environment are needed. Given the growth and the constantly evolving nature of the industry and the risks to consumers if business is not conducted fairly and efficiently, the Office made the decision in FY 2018 to place increased emphasis on its oversight of money transmission and continued that emphasis in FY 2020.

As money transmitters are considered money service businesses under federal law, and are thus required to adhere to BSA and Anti-Money Laundering ("AML") regulations, Unit examiners continue to participate in programs with the U.S. Internal Revenue Services and U.S. Treasury

Department's Financial Crimes Enforcement Network. The goal of these programs is to achieve consistency with the BSA requirements in order to deter money laundering.

Employees of the Unit maintain professional development through training and industry updates. The Unit's more tenured Examiners maintain certifications issued by the CSBS as Certified Money Service Examiners. Additionally, in FY 2020, two members of the Unit staff attended the Money Transmitter Regulators Association (MTRA) Examiner School and one attended the MTRA Annual Conference and Training. Additionally, three staff members attended the National Association of Consumer Credit Administrators Examiner School.

During FY 2020, the Unit commenced examination of 20 licensed entities and completed examination of 12 Maryland Money Transmission licensees, who, collectively, oversee 199 authorized delegates.

Debt management service providers, sometimes known informally as credit counseling agencies, are businesses that receive funds periodically from consumers for the purpose of distributing the funds among the consumers' creditors in full or partial payment of the consumers' debts. Debt management companies not only assist Maryland consumers in managing their debt through tailored debt management plans to meet their financial needs but also provide financial education and additional resources to promote healthier financial decisions in the future. Under Maryland law, these businesses are licensed by, and subject to examination by, the Commissioner.

Though the Unit's primary focus during FY 2020 was on money transmitters, the Unit completed examinations of three debt management services providers during the fiscal year.

Non-Depository Operations Committee

Coordinating the Office Units Responsible for Licensing and Supervision

The Non-Depository Operations Committee ("Committee") began meeting in November 2016. The Committee's primary function is communication, upward to Senior Management, and downward to units engaged in non-depository supervisory activity. The Committee may make recommendations for consideration by a unit or as otherwise required by the Commissioner. Further, under certain circumstances, the Committee may assist a unit in making decisions should that unit's Director request Committee involvement.

The Committee is composed of the directors of each of the operational units that support the Office's non-depository supervision program. This includes the directors from the Licensing Unit, Non-Depository Supervision Unit, Enforcement Unit, Consumer Services Unit, as well as the Director of Non-Depository Operations as Chair. During FY 2020, the Committee met quarterly. During Committee meetings, members of the Committee provide information on activities in progress within their respective units in order to ensure that each unit is familiar with the needs and concerns of, and any challenges facing, the other units within the Office. Members also share information regarding industry trends identified within each unit; these may include issues such as an increasing number of consumer complaints regarding a given issue, or increasing questions regarding the interpretation of a particular statute. This sharing of information has continued to result in improved accountability across the Office and increased cooperation and sharing of insights and resources among the units.

During the latter part of FY 2020, in response to the COVID-19 pandemic, the Committee began convening biweekly meetings of the Committee members and the Director of Financial Education and Community Outreach for the purpose of identifying and addressing emerging issues relating to the pandemic and its impact on the Office and consumers and industry. This process is intended to inform the Office's response to issues within the Commissioner's purview.

Foreclosure Systems Administration

Oversight of the Electronic Reporting System for Foreclosure Notices and Registration

Three residential foreclosure related reporting mandates fall under the authority of the Office: Notice of Intent to Foreclose ("NOI"), Notice of Foreclosure ("NOF"), and a registration on the Foreclosed Property Registry ("FPR"). All three notices/registrations must be submitted to the Office electronically through a secure online interface.

Office staff are responsible for oversight of the reporting process and, with support from the Maryland Department of Labor's Office of Information Technology ("OIT"), the development and maintenance of the electronic system and databases.

- An NOI is mailed by the secured party of the mortgage in default to the borrower at least 45 days prior to the foreclosure action being filed in court, and a copy of the NOI is required to be electronically submitted to the Office. The NOI provides crucial information about the mortgage and instructions to the borrower for pursuing an alternative to foreclosure. Copies of all NOIs must be submitted to the Office through the electronic system. The data received by the Office is used to facilitate its various supervisory responsibilities and outreach activities.

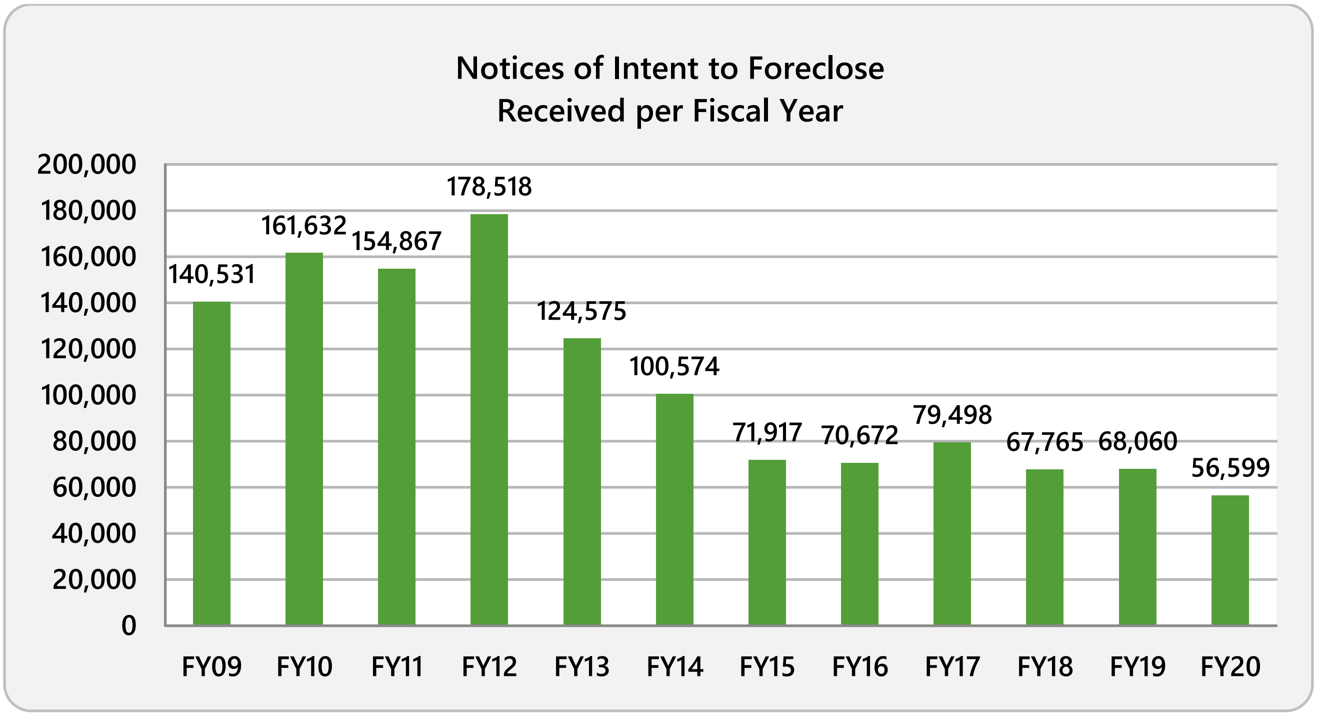
- An NOF is an electronic registration submitted to the Office within seven days of the filing of the Order to Docket or Complaint to Foreclose (the initial court filing that starts the legal foreclosure process) by the party authorized to foreclose. The NOF provides ownership information about properties in the beginning stages of the foreclosure process, and is used by Maryland county and municipal officials to better facilitate code enforcement, nuisance abatement, law enforcement, public health, and other related activities that fall under the purview of local governments.

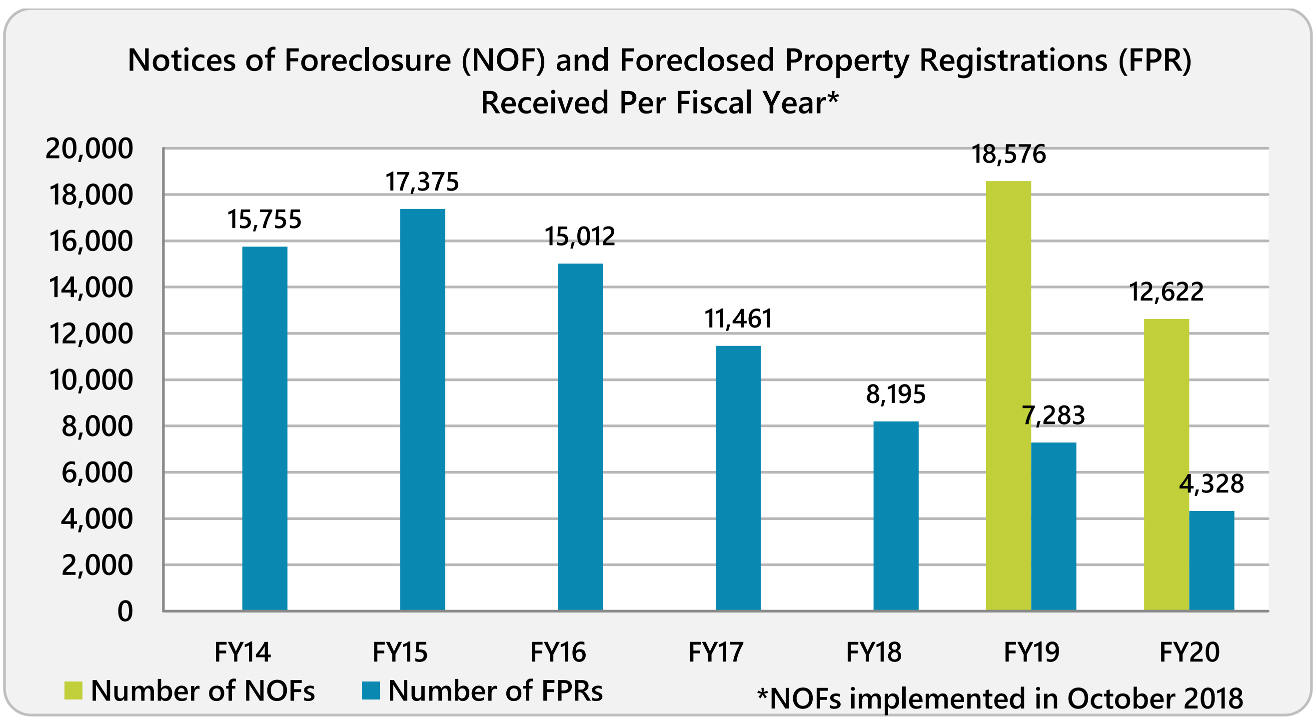
- An FPR is an electronic registration submitted to the Office within 30 days of the foreclosure sale by the party purchasing the property. The FPR provides ownership information about foreclosed properties near the end of the foreclosure process. Like the NOF, the FPR is used by Maryland county and municipal officials to better facilitate code enforcement, nuisance abatement, law enforcement, public health, and other related activities that fall under the purview of local governments.

In FY 2020, the Office and Maryland Office of Information Technology continued on the third phase of a multi-year website development project to significantly upgrade the existing online foreclosure databases that are used for electronic reporting. The overall project plan involves integrating all three of the foreclosure related reporting requirements into one comprehensive online Foreclosure Registration System (FRS) with the goal of improving overall functionality and user experience. The first two phases involved the development and implementation of the new NOF database and the upgrade and transfer of the FPR onto the FRS. The third and final phase involves upgrading and transferring the NOI reporting system to the FRS. The bulk of the development for this phase was completed during FY 2020. After discussions with certain high-volume users of the existing system, the Office and OIT committed to adding an automated data input feature to the new system. Development of that feature continued through the end of FY 2020. After testing is completed, the new NOI system is expected to enter service by January 2021.

To help facilitate the discussion of housing- and foreclosure-related policy, and to provide stakeholders with information to aid in foreclosure trend analysis, the Office added a Foreclosure Data Tracker to its website in FY 2020.

The Tracker makes available aggregated data on the numbers of NOIs and NOFs reported to the Office, with totals shown by week and by month. This information is updated regularly and is available to the public.


Notices of Intent to Foreclose
Received per Fiscal Year
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
140,531
161,632
154,867
178,518
124,575
100,574
71,917
70,672
79,498
67,765
68,060
56,599
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19
FY20


Notices of Foreclosure (NOF) and Foreclosed Property Registrations (FPR)
Received Per Fiscal Year*
20,000
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
15,755
17,375
15,012
11,461
8,195
18,576
7,283
12,622
4,328
FY14
FY15
FY16
FY17
FY18
FY19
FY20
Number of NOFs
Number of FPRs
*NOFs implemented in October 2018

Foreclosure Systems: FY 2020 Summary Table

TYPE OF REGISTRATION	NUMBER RECEIVED BY OCFR	STAGE OF FORECLOSURE	REPORTING REQUIREMENT	PERSON SUBMITTING	REQUIREMENT EFFECTIVE DATE	USER AND PURPOSE
Notice of Intent to Foreclose (NOI)	56,599	Mortgage default	After the first missed payment *and* no less than 45 days prior to foreclosure action filing	Secured party (or their agent)	January 2011 (for electronic submission)	Office of the Commissioner of Financial Regulation – supervision and outreach
Notice of Foreclosure (NOF)	12,622	Foreclosure action filed in court	Within 7 days of filing	Person authorized to make the foreclosure sale (or their agent)	October 2018	Maryland local or state governments – nuisance abatement and other related activities
Foreclosed Property Registration (FPR)	4,328	Foreclosure sale/auction	Within 30 days of sale (initial FPR) and within 30 days of deed recordation (final FPR)	Foreclosure sale purchaser (or their agent)	October 2012	Maryland local or state governments – nuisance abatement and other related activities

Consumer Services

Protecting and Supporting Maryland Consumers

The Consumer Services Unit ("Unit") is responsible for addressing customer complaints against licensed and unlicensed entities and individuals subject to the Commissioner's jurisdiction. All complaints received by the Unit are assigned to an examiner within the Unit who conducts a thorough investigation of the issues raised with the goal, if possible, of bringing about an acceptable resolution to the complaint. The Unit, in conjunction with the Office, transitioned to operating remotely beginning in mid-March 2020 in response to the COVID 19 pandemic and service to the public continued without interruption during that time.

In FY 2020, the Unit received 1,046 complaints representing an increase of 4.4% over the prior fiscal year. Federal and State emergency consumer financial protections, introduced in the last quarter of the year, in order to provide financial relief to consumers resulted in only a modest increase in inquiries. The Office expects consumer inquiries to increase in FY 2021 once those consumer protections expire.

Consumer Complaints: FY 2020 Summary Table

COMPLAINT CATEGORY	NUMBER
Collection Agencies	127
Non-Jurisdictional*	183
Mortgage	223
Credit Reporting Company	222
Consumer Loans	108
Maryland Banks and Credit Unions	82
Student Loans	30
Miscellaneous	71
Total Annual Complaints	**1,046**

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

The overall complexity of the issues raised in these complaints remained constant given the ever-evolving financial services industries under the Office's jurisdiction. The Unit assists consumers with a diverse range of financial issues, although a large proportion of the complaints continue to involve issues related to home foreclosures and the collection of debt and debt validation. In FY 2020, the Unit, through its investigative and complaint resolution activity, was successful in recovering $247,351 for Maryland consumers. Over the last five fiscal years it was responsible for recovering a total of $652,789 for Maryland consumers.

The Unit continues to maintain strong working relationships with both state and federal partners who also assist consumers with financially related complaints such as the Office of the Comptroller of the Currency ("OCC") and Consumer Financial Protection Bureau ("CFPB"). These relationships permit the Unit to provide consumers with a seamless transition to another agency when the complaint can't be handled by the Unit. For example, the Unit continues to coordinate access to the OCC's electronic portal for the efficient and expeditious referral of complaints involving national banks that do not come under the Commissioner's jurisdiction. The portal allows the Unit to send and confirm the receipt of complaints directly with the OCC without the need to use the cumbersome and less transparent process of transferring complaints by mail.

During the year, the Unit's Examiners also participated and completed pilot training for the State Examination System (SES), a multi-state consumer complaint processing technology platform, being developed by the Conference of State Bank Supervisors (CSBS). The pilot training is part of the Agency's eventual transition from the Unit's current database reporting system to the new SES system. Other states participating in the pilot training included: Hawaii, Idaho, Kansas, Montana, Nebraska, Ohio and Vermont. Pilot participants provided user feedback to CSBS to assist with system improvements. The Unit will continue with additional training and utilization of the SES system over the coming year.

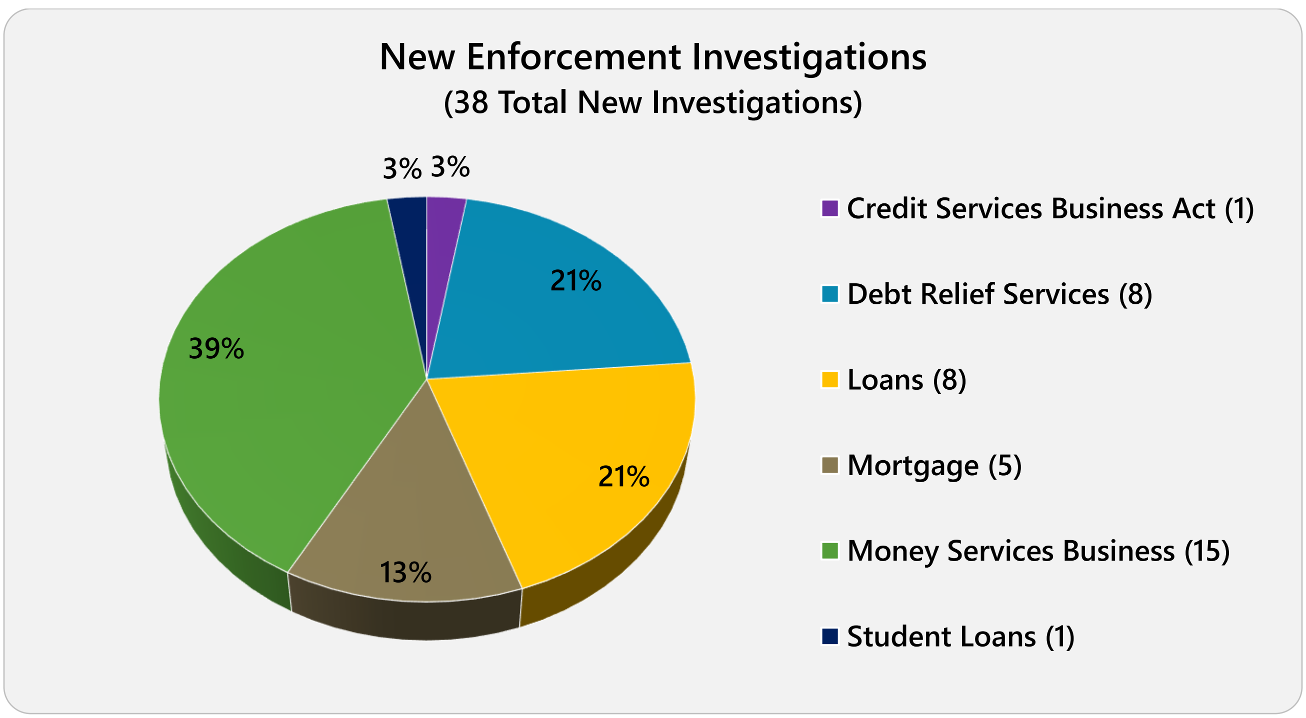
Unit examiners also continue to assist the Maryland Student Loan Ombudsman with student loan complaint related issues and to maintain the internal processes to manage the intake and handling of those complaints.

Enforcement and Monetary Recoveries

Investigation and Accountability

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

In FY 2020, the Unit hired two new Senior Financial Fraud Examiners. These hires allowed the Unit to continue to meet its responsibilities, identify and improve operational efficiencies, and expand investigatory expertise. In an effort to improve the Office's ability to meet its overall mission, regular evaluation and improvements and streamlining of the overall caseload and investigatory process were integrated into the Unit's daily functions. The Unit continued to leverage its resources to tackle challenging investigations and close out non-viable cases by working in conjunction with the Attorney General's office and other governmental agencies.



Highlighted Enforcement Actions

Encore Capital Group, Inc., Midland Credit Management, Inc. and Affiliates, – Consent Order and Settlement Agreement

Resolution of the Encore Capital Group, Inc., Midland Credit Management, Inc. and Affiliates (the "Midland Parties") matter, ended a multi-year investigation into their debt purchasing and debt collection practices, one of the largest debt purchasers operating throughout the United States. This final order stands for the clear pronouncement of the Office regarding baseline standards and expectations for those collection agencies who own and seek to collect on Maryland consumer claims that were purchased by them after the consumer defaulted on the underlying obligation – i.e., the collection agency purchased a claim that was in default ("debt purchaser").

Specifically, the Midland Parties agreed that for any account in default purchased, they, nor any third party collection agency or attorney collecting on their behalf, would engage in any collection activity involving a Maryland consumer unless the debt was purchased through a purchase agreement with meaningful representations and warranties as to the accuracy and validity of the debt or they otherwise, independently substantiates the accuracy and validity of the debt. Further, prior to engaging in any collection activity involving a Maryland consumer the Midland Parties must possess a reasonable basis to collect such debt and must be able to substantiate any representation made to a Maryland consumer concerning the obligations and amounts claimed to be due and owing. Additionally, the resolution made clear that a debt purchaser must be able to prove its ownership of any account it purchases including the chain of ownership of that debt.

The Midland Parties are also ordered to maintain an enterprise-wide risk management system addressing all aspects of the debt purchaser's business activities. Given the size and operational complexity of the enterprise, the Midland Parties will continue to maintain an independent internal audit function that reports to the appropriate senior management and/or Board of Directors and that is designed to ensure that major business risks are appropriately managed and that the risk management and internal control framework is effectively operating.

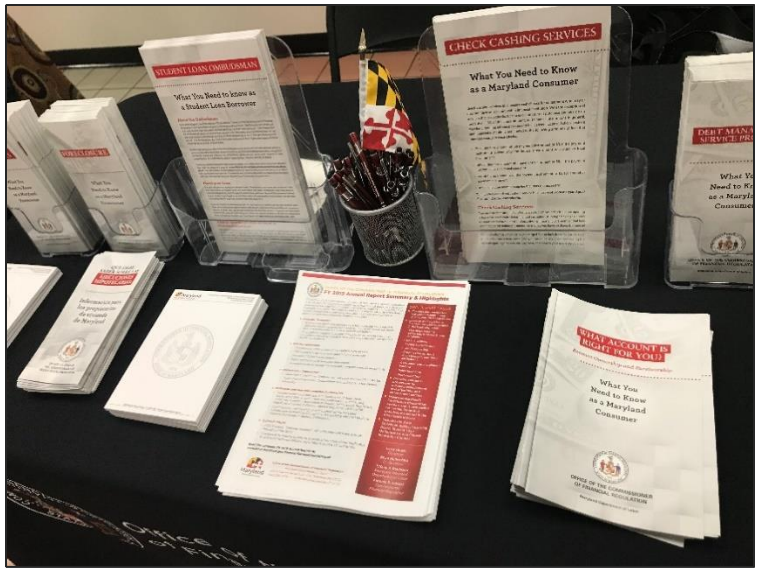
Driver Management Company, LLC and Affiliates – Settlement Agreement and Consent Order

Unit staff investigated allegations against Driver Management Company and certain affiliated entities and individuals (collectively the "Driver Parties") pertaining to whether they should have applied under FI § 3-314 to the Agency for approval prior to stock acquisitions in 2019 and 2020 of certain outstanding stock of First United Corporation ("FUNC"), a Maryland Corporation and the registered bank holding company of First United Bank & Trust, a Maryland state chartered financial institution (the "Bank"). Unit staff investigated allegations that certain, if not all, of these transactions of FUNC stock required prior notice and approval by the Commissioner and staff concluded that there was sufficient evidence to support an enforcement action.

The Driver Parties agreed to consensually resolve the matter. A final order was issued requiring the following: 1) that the Driver Parties shall conduct their business in full compliance with all statutes, regulations, and other laws governing the acquisition of outstanding voting stock of a Maryland chartered commercial bank or the associated bank holding company, 2) the reimbursement to the Commissioner of ($9,500.00) to cover the costs associated with conducting the investigation; and that the Driver Parties for a period of three (3) years will provide notice to the Commissioner of any future acquisitions of capital stock in a Maryland chartered commercial bank or its associated bank holding company.

Community Outreach and Education

Informing Stakeholders and Educating Consumers



Financial Regulation consumer outreach materials.

The Outreach Unit is responsible for conducting and coordinating outreach and education to consumers, industry, government, and nonprofit partners about issue areas within the jurisdiction of the Commissioner.

Consumer-focused outreach activities connect Maryland residents to effective financial education opportunities by informing individuals of their rights under State law and providing referral information for local financial education service providers. Industry, government, and nonprofit stakeholder outreach seeks to provide education and training on the authority of the Commissioner and on new and existing laws while also providing the Office with an opportunity to solicit feedback from those same stakeholders. In FY 2020, despite the challenges of the COVID 19 pandemic, the Outreach Unit organized or participated in 36 events, conferences, and stakeholder meetings on behalf of the Office.

The Outreach Unit engaged with a variety of industry stakeholders. It was in frequent communication with the leadership of nonprofit consumer advocacy groups, financial education practitioners, and community organizations to provide updates on the Office's activities and enforcement actions, educational seminars on the Office's jurisdiction and complaint resolution process, and to hear directly from those organizations about their clients' experiences with financial services businesses in Maryland.

Prior to the COVID 19 pandemic, the Unit's stakeholder outreach included the coordination of two in-person "Listening Sessions with the Commissioner" and through representation of the Office at conferences including the Maryland Consumer Rights Coalition Economic Summit and the Community Development Network Housing Counselor Connection; and at meetings of the General Assembly's Financial Education and Capability Commission, the Project SAFE partnership and numerous regional meetings with housing counseling, legal service, and community development agencies.

Outreach staff with a colleague at a conference for consumer advocates.

Pre-pandemic consumer-focused outreach activities included participation in public education campaigns and financial education events, direct mailings to homeowners at risk of foreclosure, and outreach support for the Student Loan Ombudsman. This year the Office once again participated in "PROTECT Week", an annual, multilevel collaboration between federal, state, and local nonprofits and government agencies, to highlight the rising problem of financial abuse of older Americans and the need for protection of Maryland's senior citizens from such exploitation. During this year's PROTECT Week, Commissioner Salazar published a blog post and recorded public service announcements, in English and Spanish, describing the Office's role in protecting older consumers from financial exploitation and explaining how vulnerable seniors should educate themselves about their rights and resources under Maryland law. The Assistant Commissioner of Policy and Consumer Services participated in a virtual press conference for PROTECT Week with Maryland's Attorney General, the Comptroller, and the U.S. Attorney for the District of Maryland, as well as the leadership of AARP and Consumer Credit Counseling Services of Maryland, who co-organized the event.

Additional pre-pandemic direct-to-consumer outreach included the Unit's continued collaboration with sister state agencies, municipalities, and legal partners. Activities included participation in three Government Agency Expos organized by the Maryland Insurance Administration, a Frederick County Bar Association pro bono legal clinic, and Baltimore City's annual senior citizen's symposium. The Unit also continued to provide support to the Student Loan Ombudsman by assisting with outreach to Maryland student loan borrowers about their rights and responsibilities and providing information on how to access additional state and federal resources.

The Unit in FY 2020 mailed 55,239 assistance letters and educational brochures directly to homeowners who were at risk of foreclosure. These informational packets include an explanation of the foreclosure process, tips for communicating with lenders and avoiding scammers, and contact information for nonprofit resources and the Office. The number of foreclosure outreach letters mailed during the year decreased by 18.9% over prior year as no letters were sent after April 17, 2020 due to the Governor's order prohibiting the initiation of residential foreclosures and suspending the Notice of Intent to foreclose electronic system.

The Outreach Unit is also responsible for increasing awareness of the Maryland Foreclosure Registration System (FRS) and associated foreclosure laws among the state's county and municipal officials. The FRS is an online database comprising the Foreclosed Property Registry and the Notice of Foreclosure, launched pursuant to legislative mandates in FY 2012 and 2019, respectively. The FRS is available to provide information about properties that are in foreclosure or were sold at foreclosure to local officials in Maryland with the purpose of facilitating code enforcement, nuisance abatement, law enforcement, public health and other related activities that fall under the purview of local governments.

Outreach staff at the Maryland Association of Counties conference.

In August 2019, the Outreach Unit staffed an exhibitor booth and provided instructional materials to attendees of the Maryland Association of Counties conference. The Unit was also scheduled to attend the Maryland Municipal League conference in June 2020 to promote the FRS, however that event was moved online and reconfigured due to the COVID-19 pandemic.

COVID-19 Outreach Response

The COVID-19 pandemic limited the Office's ability to conduct in-person outreach activities such that all in-person events were cancelled from mid-March through the end of the fiscal year. The Office, however, was able to continue outreach as it substituted virtual meetings for some of the cancelled in-person events. The Outreach Unit, in conjunction with Office senior management, prioritized informing Maryland residents and supervised industries about new state and federal emergency financial relief options and consumer relief mandates that were issued in response to the pandemic. After the onset of the pandemic, stakeholder engagement shifted from in-person to virtual and telephonic meetings, and the frequency of such engagement increased. All outreach for the rest of the fiscal year was conducted exclusively through electronic means or via telephone to adhere to physical distancing requirements.

The Outreach Unit published and maintained a COVID-19 page on the Office's website featuring references to a number of issue-specific resource web pages. Consumer-focused pages included tips and frequently asked questions for banking during the pandemic, foreclosure prevention, mortgage relief, student loan relief, financial fraud and scams, and nonprofit and government resources to help consumers protect themselves financially during the crisis. Industry-focused pages include the pandemic-related regulatory guidance issued by the Office and links to additional information from industry associations and federal supervisory agencies.

The Unit also published a Foreclosure Data Tracker webpage with statewide weekly and monthly totals from the Office's Foreclosure Registration System and the Notice of Intent to Foreclose electronic system. All of these new webpages were updated with the Foreclosure Data Tracker on a weekly basis.

The Outreach Unit also created a downloadable "COVID-19 Financial Relief Guide for Marylanders" guide which was posted on the Office's website and was shared with the general public and with unemployment insurance claimants via social media as well as with community nonprofits and government partners by email. The COVID-19 guide includes information for consumers on foreclosure prevention, mortgage relief, student loan relief, auto and personal loan relief, and debt collection and garnishment, as well as links to nonprofit resources, the Office, and other regulatory agencies. The Unit also issued three consumer advisories about COVID-19 financial fraud and scams, student loan relief, and how to continue personal banking and financial service activities during the pandemic. It conducted one consumer webinar on COVID-19 financial relief options for Maryland residents which was streamed live online.

The Unit organized two statewide consumer advocate conference calls with the Commissioner to discuss potential areas of concern related to the impact of COVID-19; participated in seven virtual meetings with housing counseling, legal service, and community development groups to share the newest information about COVID-19 policies and resources; and conducted two webinars for practitioners on COVID-19 financial relief options.

The Outreach Unit, in conjunction with the Office's senior management, will continue to provide timely content and updates to help consumers protect and manage their finances and stakeholders stay abreast of industry developments during the coronavirus pandemic.

Financial Statements: Office Revenues and Expenditures

Financial Statements (FS) are on pages 68 through 73.

See page 74 for *Notes of Explanation*.

FS 1. Summary of All Office Revenues and Expenditures

Fiscal Years Ending June 30th

REVENUES	FY 2018	FY 2019	FY 2020
Special Funds			
Banking and Credit Union Regulation	$ 4,109,104	$ 4,658,873	$ 4,766,335
Non-Depository	$ 7,369,000	$ 7,599,346	$ 8,446,185
Subtotal	$ 11,478,104	$ 12,258,219	$ 13,212,520
Foreclosure-Related Special Funds			
Mortgage Foreclosure Mediation	$ (52,009)	$ 45,427	$ 37,449
Foreclosed Property Registry	$ 573,882	$ 490,605	$ 298,116
Subtotal	$ 521,872	$ 536,031	$ 335,565
General Funds			
Licensing Fees	$ 1,077,251	$ 0	$ 0
Fines & Penalties	$ 712,900	$ 216,637	$ 91,660
Miscellaneous	$ 0	$ 0	$ 950
Subtotal	$ 1,790,151	$ 216,637	$ 92,610
Total Revenue	**$ 13,790,128**	**$ 13,010,887**	**$ 13,640,695**

EXPENDITURES	FY 2018	FY 2019	FY 2020
Salaries and Benefits	$ 7,452,977	$ 7,596,775	$ 7,986,585
Technical and Special Fees	$ 494,555	$ 421,284	$ 660,040
Communication	$ 77,999	$ 84,653	$ 68,605
Travel/Training	$ 309,708	$ 296,326	$ 242,008
Lease Expense, Parking Facilities	$ 34,400	$ 38,614	$ 73,917
Contractual Services	$ 641,396	$ 729,536	$ 443,871
Supplies and Materials	$ 30,538	$ 40,664	$ 24,714
Equipment	$ 79,286	$ 90,230	$ 15,086
Fixed Charges, Rent	$ 346,911	$ 344,545	$ 381,676
Administrative Expenses	$ 1,212,045	$ 1,251,806	$ 1,462,457
Total Expenditures	**$ 10,679,815**	**$ 10,894,432**	**$ 11,358,957**
Net Revenue for Fiscal Year	**$ 3,110,312**	**$ 2,116,455**	**$ 2,281,738**

FS 2. Revenues and Expenditures – General Fund

Fiscal Years Ending June 30th

REVENUE	FY 2018	FY 2019	FY 2020
Non-Depository Licensing Fees	$ 1,077,251	$ 0	$ 0
Fines & Penalties *	$ 712,900	$ 216,637	$ 91,660
Miscellaneous	$ 0	$ 0	$ 950
Total Revenue	**$ 1,790,151**	**$ 216,637**	**$ 92,610**

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

EXPENDITURES	FY 2018	FY 2019	FY 2020
Salaries and Benefits	$ 1,070,962	$ 0	$ 0
Technical and Special Fees	$ 0	$ 0	$ 57,750
Communication	$ 0	$ 0	$ 1
Travel/Training	$ 0	$ 0	$ 0
Contractual Services	$ 0	$ 0	$ 0
Supplies and Materials	$ 0	$ 0	$ 0
Equipment	$ 0	$ 0	$ 1,758
Total Expenditures	**$ 1,070,962**	**$ 0**	**$ 59,509**
Net Revenue for Fiscal Year	**$ 719,189**	**$ 216,637**	**$ 33,101**

FS 3. Bank and Credit Union Special Fund

Fiscal Years Ending June 30th

REVENUE	FY 2018	FY 2019	FY 2020
Bank & Credit Union Assessments	$ 3,856,950	$ 4,446,806	$ 4,526,001
Non-Depository Trust Company Assessments	$ 192,084	$ 184,647	$ 196,414
Depository Amendment and Filing Fees	$ 59,920	$ 27,420	$ 43,920
Miscellaneous Income/Other	$ 150	$ 0	$ 0
Total Revenue	**$ 4,109,104**	**$ 4,658,873**	**$ 4,766,335**
EXPENDITURES	**FY 2018**	**FY 2019**	**FY 2020**
Salaries and Benefits	$ 1,930,319	$ 2,075,912	$ 2,207,476
Technical and Special Fees	$ 376,382	$ 307,676	$ 337,326
Communication	$ 21,054	$ 21,127	$ 15,835
Travel/Training	$ 202,947	$ 212,470	$ 182,400
Lease Expense, Parking Facilities	$ 800	$ 898	$ 7,917
Contractual Services	$ 8,124	$ 5,202	$ 4,839
Supplies and Materials	$ 3,769	$ 13,270	$ 9,270
Equipment	$ 2,074	$ 2,480	$ 358
Fixed Charges, Rent	$ 143,623	$ 128,021	$ 150,534
Administrative Expenses	$ 481,407	$ 329,605	$ 423,776
Total Expenditures	**$ 3,170,500**	**$ 3,096,659**	**$ 3,339,731**
Net Revenue for Fiscal Year	**$ 938,604**	**$ 1,562,214**	**$ 1,426,604**
Special Fund Balance Carried Forward	**$4,137,614**	**$5,699,828**	**$ 7,126,432**

FS 4. Non-Depository Special Fund

Fiscal Years Ending June 30th

REVENUE	FY 2018	FY 2019	FY 2020
Non-Depository License Fees	$ 6,919,212	$ 7,364,013	$ 8,065,332
Non-Depository Examination Fees	$ 336,229	$ 261,518	$ 298,852
Miscellaneous Income/Other	$ 113,559	$ (26,185)	$ 82,001
Total Revenue	**$ 7,369,000**	**$ 7,599,346**	**$ 8,446,185**
EXPENDITURES	**FY 2018**	**FY 2019**	**FY 2020**
Salaries and Benefits	$ 4,056,160	$ 5,299,774	$ 5,578,908
Technical and Special Fees	$ 118,173	$ 113,608	$ 264,964
Communication	$ 26,732	$ 39,381	$ 32,018
Travel/Training	$ 103,456	$ 81,992	$ 57,592
Lease Expense, Parking Facilities	$ 31,840	$ 35,920	$ 63,607
Contractual Services	$ 307,982	$ 260,226	$ 112,555
Supplies and Materials	$ 24,026	$ 23,424	$ 15,444
Equipment	$ 72,827	$ 87,750	$ 12,970
Fixed Charges, Rent	$ 202,999	$ 216,524	$ 231,142
Administrative Expenses	$ 535,356	$ 789,434	$ 889,801
Total Expenditures	**$ 5,479,552**	**$ 6,948,032**	**$ 7,259,001**
Net Revenue for Fiscal Year	**$1,889,449**	**$ 651,314**	**$ 1,187,184**
Special Fund Balance Carried Forward	**$9,642,605**	**$10,293,918**	**$11,481,102**

FS 5. Mortgage Foreclosure Mediation Special Fund

Fiscal Years Ending June 30th

REVENUE	FY 2018	FY 2019	FY 2020
Miscellaneous Income/Other (Reimbursed)	$ 8,771	$ 45,427	$ 37,449
Accrued revenue	**$ (60,780)**	**$ 0**	**$ 0**
Total Revenue	**$ (52,009)**	**$ 45,427**	**$ 37,449**
EXPENDITURES	**FY 2018**	**FY 2019**	**FY 2020**
Communication	$ 25,063	$ 22,980	$ 20,197
Contractual Services	$ 0	$ 0	$ 3,250
Supplies and Materials	$ 0	$ 3,770	$ 0
Administrative Expenses	$ 11,337	$ 5,585	$ 7,670
Total Expenditures	**$ 36,400**	**$ 32,335**	**$ 31,116**
Net Revenue for Fiscal Year	**$(88,409)**	**$ 13,091**	**$ 6,333**
Special Fund Balance Carried Forward	**$(27,629)**	**$ (14,538)**	**$ (8,205)**

FS 6. Foreclosed Property Registry Special Fund

Fiscal Years Ending June 30th

REVENUE	FY 2018	FY 2019	FY 2020
Foreclosure Registrations	$ 535,850	$ 450,800	$ 271,400
Miscellaneous Income/Other	$ 38,032	$ 39,805	$ 26,716
Total Revenue	**$ 573,882**	**$ 490,605**	**$ 298,116**

EXPENDITURES	FY 2018	FY 2019	FY 2020
Salaries and Benefits	$ 395,536	$ 221,089	$ 200,201
Special and Technical	$ 0	$ 0	$ 0
Communication	$ 5,150	$ 1,165	$ 553
Travel/Training	$ 3,304	$ 1,864	$ 2,016
Lease Expense, Parking Facilities	$ 1,760	$ 1,796	$ 2,393
Contractual Services	$ 325,291	$ 464,109	$ 323,226
Supplies and Materials	$ 2,743	$ 200	$ 0
Equipment	$ 4,385	$ 0	$ 0
Fixed Charges, Rent	$ 289	$ 0	$ 0
Administrative Expenses	$ 183,944	$ 127,182	$ 141,211
Total Expenditures	**$ 922,402**	**$ 817,405**	**$ 669,600**
Net Revenue for Fiscal Year	**$ (348,521)**	**$ (326,800)**	**$ (371,484)**
Special Fund Balance Carried Forward	**$2,299,875**	**$ 1,973,075**	**$ 1,601,591**

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. Mortgage Foreclosure Mediation Special Fund

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, ($14,538) for FY 2019 and ($8,205) for FY 2020 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 quarters of the following fiscal years.

3. Foreclosed Property Registry Special Fund

The negative net revenue for FY 2018, FY 2019 and FY 2020 are a result of expenditures for enhancements to the Foreclosed Property Registry website as a result of requirements mandated by state law. Upon completion of the enhancements in FY 2020, assuming revenue from foreclosure registrations does not materially decrease in the coming years, net revenue of the programs is expected to revert to positive levels.

Historical Lists of Commissioners and Deputy Commissioners

Commissioners

As of June 30, 2020

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

Deputy Commissioners

As of June 30, 2020

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

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