OFFICE OF THE COMMISSIONER OF FINANCIAL REGULATION

Maryland Department of Labor

ANNUAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2021

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

Presented to:
Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor

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Message from the Commissioner

Once again I have the honor of presenting to Governor Hogan the Annual Report of The Office of the Commissioner of Financial Regulation ("OCFR" or the "Office"). This Report covers Fiscal Year (FY) 2021; a unique year due to the impact of the COVID-19 pandemic. It was the first time in the Office's 110-year history that it had to conduct its business with all staff working remotely for the entire year. Despite the fact that they had to quickly adapt to new circumstances, it is my pleasure to report that OCFR's staff continued to deliver on their mission of protecting Maryland consumers and operating a modern financial regulatory system that supports Maryland's economy.

As FY 2021 started, OCFR had been operating in its remote posture for three months and the State had just passed through the first COVID-19 wave with case numbers significantly declining by the summer of 2020. Lockdowns were lifted and general restrictions had been loosened. Though Maryland and the nation would face subsequent COVID-19 waves during the remainder of the fiscal year, there were no additional lock-downs and the State and

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.

As Maryland's financial regulator, Mr. Salazar is an active member of the Conference of State Bank Supervisors where he serves as Vice Chair of the Non-Depository Supervisory Committee, and as Secretary of the Board of Directors. Commissioner Salazar has regular contact with federal regulatory authorities and is a member of the FDIC's Advisory Committee of State Bank Regulators.

nation's economy continued to improve from the brief, lockdown induced recession of early 2020, and they would continue to do so throughout the fiscal year. With the lifting of the lockdowns and the loosening of other restrictions, OCFR's staff was able to visit the Office from time-to-time though remote work continued to be the primary course of conduct. By the end of the fiscal year, Governor Hogan had issued a directive that would lead to OCFR's staff returning to the Office in a hybrid posture at the start of FY 2022.

Notwithstanding the pandemic, OCFR's senior management continued to take a long-term view of the Office, and as part of its strategic planning process, they revised the Office's mission statement to read:

> **The Office's mission is to protect Marylanders through the operation of a modern financial regulatory system that promotes respect for consumers, safety and compliance, fair competition, responsible business innovation, and a strong state economy.**

The refinement was intended to emphasize the OCFR's consumer protection mission while recognizing that the operation of a modern (i.e., always evolving) regulatory system is intended to serve the Office's consumer and industry constituencies in ways that support the State's economy.

Along with, and in furtherance of, the revised Mission Statement, OCFR's senior management adopted six primary goals that were to guide the Office's actions in 2021 and throughout fiscal year 2022. The goals are as follows:

1. Ensure the Office's continuity through the COVID emergency and for an additional 10 years.
2. Continue the Office's tradition of strong consumer protection actions.
3. Engage in effective and impactful regulatory and supervisory activities.
4. Enhance community and industry engagement.
5. Continue the implementation of the Student Loan Ombudsman program.
6. Enhance investment in staff to improve the Office/staff's efficiency and effectiveness, engagement, and morale.

As further described in this Annual Report, by the end of the fiscal year OCFR had achieved the first goal and made significant advances on achieving the remaining five goals.

The 2021 Legislative session was held completely remotely, and in keeping with the streamlined session's operations, OCFR had a limited agenda seeking only to extend its tenure (and that of the State Collection Agency Licensing Board) until July 1, 2032, to eliminate the issuance of paper licenses for non-depository licensees, and to modernize Maryland's Money Transmission Act to better harmonize it with federal law and with the anticipated, multi-state model money transmission act. The Office also supported passage of a bill, HB 1004, to amend the so-called "wild card" law that applied to credit unions. All those bills passed to become effective during FY 2022 and they were each consistent with one or more of the Office's goals described above.

The Office was assertive in meeting its goal of engaging in effective and impactful regulatory activities as it saw four substantive regulations become effective during the fiscal year, including an innovative rule permitting non-depository licensee employees to work remotely helping licensees to continue to operate during the pandemic and beyond.

In keeping with the Office's core mission and its goal of continuing the tradition of strong consumer protection actions, OCFR undertook significant enforcement actions to redress fraudulent activity in certain non-depository industries, remediate deficient business practices of one of the country's largest mortgage servicers, and act against and respond to unlicensed and unauthorized lending and other activity taking place in the State.

In June of the fiscal year OCFR hosted its first-ever regulatory highlights symposium via a webcast. The session was attended by over 200 individuals and featured a review of the OCFR's revised mission statement and goals as well as presentations of legislative, supervisory, and enforcement reviews by OCFR staff. In late 2020 the Ombudsman issued the Maryland Student Loan Borrower's Bill of Rights. This document is an easy-to-understand statement of the rights that each Maryland student loan borrower enjoys under Maryland law. The symposium and Ombudsman issuance are just a few examples of the OCFR maintaining and expanding its outreach activities throughout the pandemic.

As part of the State's pandemic response, Governor Hogan issued an order closing the notice of intent to foreclose electronic system effectively halting foreclosures during the state of emergency. During that time, OCFR completed upgrades of the system and the fully integrated Foreclosure Registry System was in place and operational when the foreclosure moratorium was lifted.

OCFR's Licensing Unit processed a record number of license applications during the fiscal year. That accomplishment was made possible not only by the process improvements instituted by Unit management, but also by the hard work and dedication of the Licensing Unit staff.

OCFR's Consumer Services Unit continued to resolve consumer complaints while engaged in the process of fully implementing the new State Examination System (SES). The SES, which was also used by the non-depository supervisory unit to conduct examinations, is an integral piece of state financial regulators' networked supervisory strategy. OCFR anticipates that the SES will improve the examination process for licensees, management of consumer complaints, and coordination among the states. OCFR is proud that our Consumer Services Unit Assistant Director Brooks was appointed a member of the SES working group charged with ensuring the SES works efficiently and effectively for all state agencies and industry users.

The State Collection Agency Licensing Board saw its first personnel change in years as two long-standing Board members, Joanne Young (industry representative) and Steve Hannan (consumer representative), retired. They provided exemplary service to the State over many years and their commitment and dedication to the Board and its mission were recognized by the Board and greatly appreciated.

The States' banks and credit unions performed well during the pandemic, providing financial services and support to Maryland consumers and experiencing strong financial results. OCFR believes that the majority of the States' banks and credit unions ended the fiscal year in a fundamentally sound condition while only a very small number exhibited some degree of supervisory concern in one or more areas. Overall, most state-chartered institutions were controlling risks, were well managed, capable of withstanding business fluctuations, and operating in substantial compliance with applicable laws and regulations.

I, and other members of the OCFR, are active in leadership positions in multi-state regulatory organizations. These positions enhance our Office's capabilities, enable OCFR staff participation in the development of national standards and policy and, overall, strengthen our Office's ability to protect consumers and reach our goals. For example, I have been active in the Conference of State Bank Supervisors, serving as the Vice Chair of the Non-Depository Supervisory Committee as well as serving as Chair of its District 1 consortium of state regulators, where I oversaw the formation of a climate change working group of state regulators. OCFR was one of the States participating in that working group. At the CSBS 2020 annual meeting, I was elected to serve as the group's Secretary which is a senior leadership position. As a member of the Federal Deposit Insurance Corporation's (FDIC) Advisory Committee of State Regulators, I can directly provide advice and information to the Chairman of the FDIC. Assistant Commissioner Bellman served as President of the North American Collection Agency Regulatory Association, a position which put him (and by extension the State of Maryland) in a pivotal role to influence public policy on consumer collection activities. Other OCFR staff such as Director Charland and Student Loan Ombudsman McEvoy regularly participate in inter-state discussions and also serve as officers of multi-state organizations. All in all, OCFR staff increases the OCFR's effectiveness when they participate in and coordinate with other state and federal agencies and organizations.

With vaccinations widely available in the State, and despite the circulation of a Delta variant of the COVID-19 virus, by the end of the fiscal year Maryland was a leader in vaccination rates and by its low level of COVID-19 positivity. The State and the financial services sector saw conditions improving and they, as the OCFR, ended FY 2021 in a "next normal" status looking forward to a time when a post-pandemic, "new normal" would arrive. Through the setting of clear goals, applying lessons learned, and making appropriate changes to its operations, OCFR is well positioned for FY 2022 and beyond to continue its mission of protecting Maryland consumers and operating a modern regulatory system that encourages the operation of a sound financial services marketplace that will contribute to the growth of Maryland's economy and the well-being of its citizens.

Antonio P. "Tony" Salazar

Commissioner of Financial Regulation
Maryland Department of Labor

Fiscal Year 2021 Highlights

Student Loan Ombudsman: The Student Loan Ombudsman published the Maryland Student Loan Borrower's Bill of Rights which describes the protections to which borrowers' are entitled and the obligations of the student loan servicing companies.

Consumer Services: In FY 2021, the Consumer Services Unit, through its investigative and complaint resolution activity, was successful in recovering $96,477 for Maryland consumers. Over the last five fiscal years it was responsible for recovering a total of $686,561 for Maryland consumers.

Outreach Activity: The Office organized or participated in 43 virtual events, conferences, and stakeholder meetings in FY 2021. That level was an increase of 19% over the prior fiscal year and was reflective of the Agency's continued efforts to enhance and expand its engagement with all stakeholders despite the restraints of the COVID-19 pandemic.

Legislation: Four bills proposed by the Office in FY 2021 were passed by the General Assembly.

Fintech: The Office helped develop a Uniform Money Transmission Modernization Act that harmonizes issues identified by the fintech industry while also achieving the shared goals of both industry and regulators, namely to ensure consumer protection, prevent bad actors from entering the money transmitter ecosystem, and protect the integrity of, and maintain public confidence in, the financial system as a whole.

Licensing: With this transition of consumer reporting agencies registering through the Nationwide Multistate Licensing System (NMLS), fully integrated all license and registration activities onto the NMLS, which ensures greater efficiencies, better coordination among states, a reduction in regulatory burden on industry, and represents the fulfillment of a long-term key strategic initiative.

Non-Depository Supervision: The Non-Depository Supervision Unit completed a total of 173 examinations and **provided a total of $751,757 in restitution** and assessed $53,250 in penalties.

Enforcement: The Office, as the lead negotiator for state regulators, resolved a multi-state examination involving one of the nation's largest mortgage servicers, resulting in a settlement that **corrected harm caused to more than 115,000 consumers through refunds and other redress approaching $90 million**, imposed civil monetary penalties and government reimbursement in excess of $6.5 million, and provided meaningful improvements in the company's overall risk and compliance functions designed to be a beacon of best practices.

Banks and Credit Unions: Maryland's banking industry continues to be strong and plays a vital role in small and medium size business lending, as well as providing community banking services to consumers throughout the State. **Maryland had two state-chartered banks that are over $10 billion** in total assets in FY 2021, due to merger activity, organic growth, and a strong economy in the State. Maryland banks remained open through the COVID-19 pandemic and supported their customers with government lending programs and loan deferral programs assisting those in need.

Although bank consolidation activity has resulted in a material reduction in the number of Maryland state-chartered banks over the past five years, the percentage of total bank assets held nationally as compared to total bank assets held by Maryland state-chartered banks has increased slightly over that same time. Thus, bank consolidation activity has not adversely impacted the continued asset growth for Maryland state-chartered banks which has outpaced national growth over the past five years (48% for Maryland state-chartered banks and 38% nationally).

About the Office

The Office of the Commissioner of Financial Regulation 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.

The mission of the Office is to protect Marylanders through the operation of a modern financial regulatory system that promotes respect for consumers, safety and compliance, fair competition, responsible business innovation, and a strong, stable State economy.

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 regulates. The Office, along with the Student Loan Ombudsman (who is designated by the Commissioner), 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 improve 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 continual 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

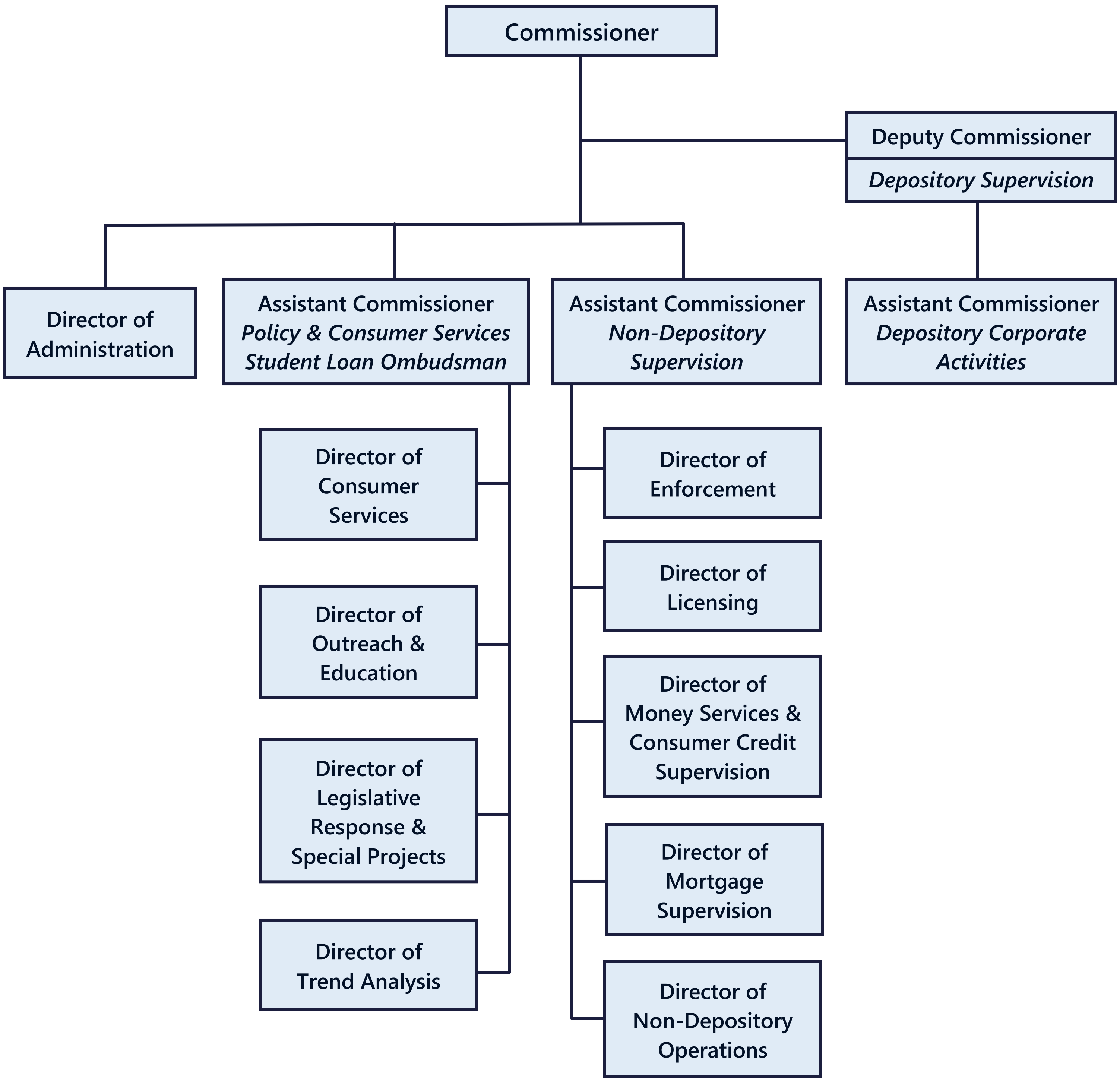
The Office has been accredited by the Conference of State Bank Supervisors (CSBS) for its regulation of state-chartered banks since July 13, 1992. The Office's accreditation was most recently recertified on July 10, 2017. The banking departments of 47 states, including Maryland, and that of Puerto Rico 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 30 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, 2021

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

Office of the Commissioner of Financial Regulation
Management Organizational Chart (as of June 30, 2021)



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 and responsible innovation and fair competition. The Office continues to have a designated "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 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.

Networked Supervision

The Office continues to actively participate in multi-state coordination efforts that are intended to foster innovation and the achievement of a modern and 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. Additionally, the Office has actively supported the efforts to establish new standards and laws designed to harmonize, where appropriate, the practices of state financial regulators.

Specifically, in FY 2021 a staff member participated on the CSBS Regulator-Industry Clearing House that developed a Uniform Money Transmission Modernization Act ("Uniform Act") that reflects legislative language designed to promote networked supervision priorities such as licensing through NMLS, multistate licensing, and multistate supervision. Additionally, the Uniform Act harmonizes issues identified by the Fintech Industry Advisory Panel, including regulated activity definitions, exemptions, control definitions, prudential standards, and unduly burdensome supervisory practices, while also achieving the shared goals of both industry and regulators, namely to ensure consumer protection, prevent bad actors from entering the money transmitter ecosystem, and protect the integrity of, and maintain public confidence in, the financial system as a whole. The Office intends to develop an implementation strategy for the Uniform Act in FY 2022.

Legislative and Regulatory Summary

Changing Legal Environment and Innovative Regulatory Advancements

Legislative Summary

The Maryland 2021 General Assembly adjourned on April 12, concluding a Legislative Session that was conducted entirely virtually due to the ongoing COVID-19 pandemic.

All four bills proposed by the Office during the Session passed. The bills focused on: (1) extending the sunset date for the Office of the Commissioner of Financial Regulation by 10 years; (2) extending the sunset date for the State Collection Agency Licensing Board; (3) expanding the Maryland Money Transmission Act found in the Financial Institutions Article of the Maryland Annotated Code to clarify that certain forms of value are items of monetary worth and therefore subject to regulation; and (4) eliminating the requirement that certain non-depository financial institutions obtain a paper license with the Office in favor of permitting them to use the credentials assigned to them by the Nationwide Multistate Licensing System as their license. These four Departmental bills were all signed into law by Governor Larry Hogan:

SB 281: Office of the Commissioner of Financial Regulation - Sunset Extension
Effective date: October 1, 2021

This law extends the Office of the Commissioner of Financial Regulation's (OCFR) sunset date by 10 years to July 1, 2032 and preserves all related statutory and regulatory authority of the OCFR.

SB 206: State Collection Agency Licensing Board - Sunset Extension
Effective date: October 1, 2021

This law extends the State Collection Agency Licensing Board's (SCALB) sunset date by 10 years to July 1, 2032 and preserves all related statutory and regulatory authority of SCALB.

SB 219: Financial Institutions – Commissioner of Financial Regulation – Money Transmissions

Effective date: October 1, 2021

This law modernizes the Maryland Money Transmission Act (MMTA) and better harmonizes Maryland law with federal law. It updates the definition of "money transmission" to clarify that certain forms of value (e.g., cryptocurrencies and prepaid access system cards) are items of monetary worth and, therefore, subject to regulation under the MMTA. This law also updates the reporting requirements for money transmitters and requires the use of the NMLS. The law also enhances certain operational processes of licensees by (1) setting forth deadlines for the remittance and/or deposit of funds by authorized delegates (i.e., designated agents) and (2) lessening penalties associated with failure to provide a required notice to the Office in a timely manner.

SB 251: Commissioner of Financial Regulation - Licensing of Nondepository Institutions - Elimination of Paper License Requirements

Effective date: July 1, 2021

This law eliminates the requirement that non-depository licensees (e.g., check cashers, collection agencies, credit services businesses, consumer lenders, debt management services providers, installment lenders, money transmitters, mortgage brokers, lenders, and servicers, mortgage loan originators, and sales finance companies) hold and maintain paper licenses - replacing the licenses with the credentials assigned to them by the NMLS and thereby transitioning licensing to a fully-electronic system. Thus, a licensee's NMLS number now serves as their license number. Licensed non-depository entities under the Business Regulation, Commercial Law, and Financial Institution Articles will now utilize the NMLS system to make disclosures and disseminate relevant licensing information. This law also gives consumers the ability to verify, or otherwise validate, the status of a license electronically through the NMLS Consumer Access website.

The Office also supported and provided technical support on, other legislation that enhances consumer protections for Marylanders as well as promotes a safe and healthy financial services industry. The following bills relating to financial services were passed by the General Assembly during the 2021 Session:

SB 185 / HB 471: Financial Institutions - Security Questions and Measures

Effective date: October 1, 2021

This law requires, under the Financial Institutions Article, that certain financial institutions – those who, in any circumstance, require their customers to use security questions to access account information, to recover a personal identification number (PIN) or password, or for any other purpose the financial institution deems appropriate – allow their customers to choose from at least two (2) options for each required security question. OCFR interprets "in connection with the provision of an account" as set forth in the new law, to apply to *any* access to an account whether on-line, by telephone, or in-person.

HB 1004: Financial Institutions - Commissioner of Financial Regulation - Credit Union Power
Effective date: July 1, 2021

This law amends the so-called "wild card" law by simplifying the process that a Maryland state-chartered credit union must follow to engage in any additional activity, service, or other practice in which federally-chartered credit unions are authorized to engage. Specifically, this law requires state-regulated credit unions to provide the Commissioner with written notice at least 45 calendar days before engaging in any activity, service, or other practice authorized under federal law, but not expressly authorized under Maryland law. Notice must include a description of the proposed activity, service, or other practice, including (1) the specific authority being relied upon, and (2) any condition that federal law requires (or allows) with respect to federally-chartered credit unions. Credit unions may then begin to perform the activity, service, or other practice on the first business day after the 45th calendar day from the date the Office receives the required notice, unless the Commissioner (1) specifies a different date or (2) prohibits the activity, service, or other practice. Further, the Commissioner may extend the 45-day period under the law if it is determined that the credit union's notice requires additional information or additional time for analysis. The Commissioner retains the power to prohibit a credit union from performing the activity, service, or other practice described in the notice if it determines that the same would (1) adversely affect the safety and soundness of the credit union; (2) be detrimental to the welfare of the general economy of the State; or (3) be detrimental to the public interest or to credit unions.

SB 933: Financial Regulation - Access to Banking and Financial Services - Reporting
Effective date: July 1, 2021 (Due to MDGA on or before December 31, 2021)

The law requires the Commissioner of Financial Regulation to submit a report to the Maryland General Assembly that analyzes the banking environment in the State. This report must include (1) the number and types of State and federally-chartered banks, and other financial institutions, by jurisdiction; (2) identify "banking deserts" in the State (places in which citizens have limited access to financial services or are living in areas without a credit union or bank branch); and (3) recommend strategies that will ensure that residents of underserved jurisdictions have access to financial services.

HB 861 / SB 691: Real Property - Landlord and Tenant - Reusable Tenant Screening Reports

Effective date: October 1, 2021

This law requires, under the Real Property Article, that reusable tenant screening reports (reports prepared within the previous 30 days by consumer reporting agencies) contain certain information regarding a prospective tenant of residential property. Under the new law, landlords are required to notify prospective tenants regarding whether or not the landlord accepts reusable tenant screening reports, for they are not required to. This law further prohibits a landlord that accepts a reusable tenant screening report from assessing certain fees related thereto. This law also authorizes a landlord to require prospective tenants to certify that there has not been a material change to the tenant's name, address, bankruptcy status, criminal history, or eviction history since the date that the report was generated.

HB 1213: Financial Institutions - Determination of Creditworthiness - Alternative Methods

Effective date: October 1, 2021

This law requires, under the Financial Institutions Article, certain financial institutions (specifically, banking institutions, credit unions, savings and loan associations, community development financial institutions, and specified credit grantors) to adhere to specified federal regulations when evaluating an application for a primary residential mortgage loan or an extension of credit. For example, if provided by the loan applicant, they must now consider the following verifiable, alternative indications of creditworthiness: (1) history of rent or mortgage payments; (2) history of utility payments; (3) school attendance; and (4) work attendance. In addition, upon request by the applicant, any entity subject to the bill's requirements must consider other verifiable alternative indications of creditworthiness presented (or made available) to the entity by the applicant.

HB 565 / SB 514: Health Facilities - Hospitals - Medical Debt Protection

Effective date: June 1, 2021 and January 1, 2022, respectively

This law establishes requirements relating to hospital debt collection policies and payment plans, and prohibits a hospital from taking certain actions (including charging interest and/or fees) when collecting debt incurred by certain patients. Under the law, a hospital must annually submit its policy on the collection of debts owed by patients, as well as a specified report to the Health Services Cost Review Commission (HSCRC). The HSCRC must then compile those reports into an annual medical debt collection report. By December 1, 2021, the Maryland Health Care Commission (MHCC) must examine and report on the feasibility of using the State-designated Health Information Exchange (HIE) to support determination of patients' financial status for determining eligibility for free or reduced-cost care or an income-based payment plan. By

January 1, 2022, the HSCRC must develop guidelines for an income-based payment plan, as well as study the impact on uncompensated care of providing specified refunds or requiring hospitals to forgive specified judgments or otherwise strike certain adverse information.

Regulatory Summary

The Office successfully pursued noteworthy regulatory initiatives during the fiscal year, including:

Mobile Home Retail Sales: Financing Information Disclosure Statement Form

Effective date: October 1, 2020 (Emergency Status); February 22, 2021 (Final Action)

During the 2020 Legislative Session, the General Assembly passed Senate Bill 155 (House Bill 93) related to manufactured home financing. A substantive portion of that new law requires that mobile home retailers provide a written statement to prospective consumer borrowers containing certain disclosures and other information pertaining to their financing options and rights. The new law also mandates that this written statement be on a form prescribed by the Commissioner by regulation. The Office worked alongside industry stakeholders to propose, develop, and implement the "Mobile Home Retail Sales: Financing Information Disclosure Statement" form.

Remote Workers

Effective date: January 5, 2021 (Emergency Status); April 19, 2021 (Final Action)

In response to the teleworking challenges that non-mortgage licensees faced during the COVID-19 pandemic, namely that employees were now being forced to work remotely, the Commissioner promulgated, under emergency status, a new regulation that immediately permitted remote work for employees working at certain locations, if the remote work arrangement complied with certain standards and conditions. The Office worked closely with industry stakeholders and consumer advocates to develop this regulation, which successfully strikes a balance between changes in current work practices (i.e., employees are now commonly working from home and/or a remote location), with appropriate consumer protections and standards. This regulation ultimately reflects changes in practices and procedures that have been facilitated by advances in communication and interactive technologies, especially with regard to cybersecurity, as well as certain protocols that have been put in place since the onset of the COVID-19 pandemic. The regulation was well-received by industry due to its relevance and timeliness and complemented remote working regulations already in place for mortgage loan originators.

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 in FY 2019. 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 Borrower's Bill of Rights (BOR) for Maryland residents. The BOR is based on the 2018 Act and 2019 legislation that enhanced it. The Ombudsman realized that although the Act contained many protections for student loan borrowers, there was a need to better communicate the rights and responsibilities it contained to student loan borrowers. The BOR is a document that provides guidance to Maryland residents who are repaying student loans by succinctly describing, in plain language, the protections to which borrowers' are entitled as well as clearly stating the standards that student loan servicers must meet related to responsiveness, payment allocation, record retention, and reporting to credit bureaus. It's intended to serve as tool for student loan borrowers to use in their interactions with their loan servicers and can be accessed at the following link:

www.labor.maryland.gov/finance/consumers/frslbillofrights.pdf

The Ombudsman continued to assist student loan borrowers with their inquiries notwithstanding the pandemic conditions 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 established 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 Reports**.

Outreach and Education

Informing Stakeholders and Educating Consumers

The Outreach Unit ("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 2021 the COVID-19 pandemic continued to limit the Office's ability to conduct in-person activities, so all outreach was conducted exclusively through electronic means or via telephone to adhere to physical distancing requirements. Despite the challenges of the COVID-19 pandemic, the Outreach Unit organized or participated in 43 virtual events, conferences, and stakeholder meetings on behalf of the Office in FY 2021, an increase of 19% over the prior fiscal year.

The Outreach Unit engaged with a variety of industry stakeholders and 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. In its messaging, the Unit 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. 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's stakeholder outreach included the coordination of four virtual "Listening Sessions with the Commissioner" with statewide consumer advocacy leaders, one virtual "Meet and Greet with the Commissioner" for new CEOs of state-chartered bank and credit unions. The Commissioner and Office staff also participated in 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.

The Unit also conducted three webinars for practitioners on mortgage servicing and the foreclosure process, including the COVID-19 financial relief options for Maryland homeowners and coordinated two training sessions for mortgage servicers and lenders on the new Notice of Intent to Foreclose electronic system. The Unit also organized the Office's first "Regulatory Highlights" webinar for all stakeholders, industry and consumer, during which Office staff and leadership provided legislative, supervisory and enforcement updates for 2021. The event was live-streamed and featured interactive question-and-answer sessions to increase audience engagement.

Consumer-focused outreach activities included partnering with local nonprofits and other state agencies in financial education events and public education campaigns. The Outreach Unit participated as a guest speaker in four live public webinars and as an exhibitor at one virtual symposium. The Unit also coordinated the Office's online activities for National Consumer Protection Week, a public awareness campaign led by the Federal Trade Commission that brings attention to consumer protection laws and scam awareness; and the Office's participation in PROTECT Week, a collaboration between federal, state, and local nonprofits and government agencies to highlight the rising problem of financial abuse of older Americans. During this year's PROTECT Week, Commissioner Salazar spoke at a virtual press conference with Maryland's Attorney General, the Comptroller, and the Acting 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. Commissioner Salazar also participated in a radio interview and statewide teletown hall, describing the Office's role in protecting older consumers from financial exploitation and explaining how vulnerable seniors and their caretakers can educate themselves about their rights and resources under Maryland law.

The Outreach Unit also issued three consumer advisories about debt collection and student loans; and published two new consumer factsheets in FY 2021 – the "Maryland Student Loan

Borrower Bill of Rights" (in coordination with the Student Loan Ombudsman) and "Bank and Credit Union Accounts: Frequently Asked Questions".

In order to increase online engagement and to ensure that information and resources were easy to find, the Outreach Unit reorganized the pages on the Office's website. This included revising most of the Agency's web pages, implementing new formats for page layouts, formatting new menus and adding new graphics and a "subscribe to emails" feature for Office advisories.

The Unit also continued to maintain and update the "COVID-19 Financial Relief Guide for Marylanders", a downloadable PDF guide created by the Unit in FY 2020 to assist consumers with navigating the various COVID-19 consumer financial protections, and the COVID-19 Resources web pages on the Office's website.

Consumer Services

Protecting and Supporting Maryland Consumers

The Consumer Services Unit ("CSU", or "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's response to the COVID 19 pandemic, transitioned to operating remotely beginning in mid-March of FY 2020. While operating remotely, the Unit continued to assist the public with inquiries throughout this fiscal year without any interruption to service.

Consumer Complaints: FY 2021 Summary Table

COMPLAINT CATEGORY	NUMBER
Mortgage	201
Consumer Loans	147
Collection Agencies	137
Credit Reporting Company	108
Maryland Banks and Credit Unions	84
Miscellaneous	48
Student Loans	14
Non-Jurisdictional*	14
Total Annual Complaints	**753**

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

In FY 2021, the Unit received 753 complaints representing a decrease of 28% over the prior fiscal year. Federal and State emergency consumer financial protections, introduced in the last quarter of FY 2020 to provide financial relief to consumers continued throughout this fiscal year, and it is believed that they play a key role in the significant decrease in inquiries. The Office expects consumer inquiries to increase throughout FY 2022 as those pandemic-inspired consumer protections expire and economic activity returns to normal levels.

The overall complexity of the issues raised in these complaints remained constant reflecting 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 2021, the Unit, through its investigative and complaint resolution activity, was successful in recovering $96,477 for Maryland consumers. Over the last five fiscal years it was responsible for recovering a total of $686,561 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.

The Unit's Examiners completed their initial pilot training for the State Examination System (SES), a multi-state consumer complaint processing technology platform, developed by State Regulatory Registry, LLC (SRR) which is the CSBS subsidiary that operates the NMLS. The pilot training is part of the Agency's eventual transition from the Unit's current database reporting system to the new SES system and the team continued, during the year, with their participation in the post pilot phase of additional SES training.

The Assistant Director of CSU was successfully nominated by OCFR management to the SES Consumer Complaints Subcommittee, the members of which will have significant input in both the development of, and the policies governing, new features and improvements in the SES system. Members will make policy recommendations and provide feedback on system updates and improvements, as well as onboarding and training.

During the year the Unit's Examiners also participated in virtual training provided by other industry associations such as the North American Collection Agency Regulatory Association and the American Association of Residential Mortgage Regulators

Finally, Unit examiners 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

Investigation and Accountability

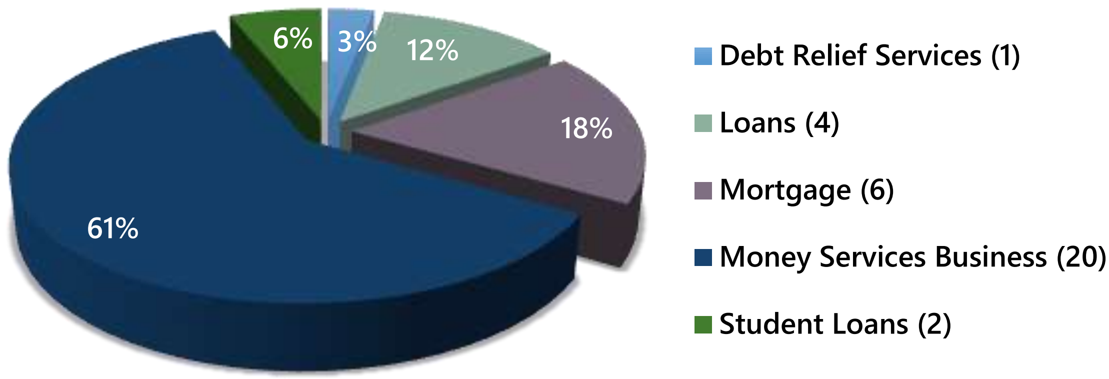
The Enforcement Unit ("Unit") is the investigatory and enforcement arm of the Commissioner. The Unit investigates fraud-related issues and conducts specialized examinations involving banks, credit unions, and trust companies, licensed financial institutions, individuals, and unlicensed business entities, 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, consulting on potential matters with litigation counsel, and managing the litigation process when action may be taken.

The Unit experienced staff transition in FY 2021 as the Unit's Assistant Director retired and two financial fraud examiners departed the Unit. Despite the reduction in staff, the Unit continued to meet its responsibilities and is working to replace these vacancies in the upcoming fiscal year. Additionally, the Unit continued to identify areas where it could improve its operations in order to more efficiently and effectively deploy resources to meet the Office's overall mission. Accomplishments towards this goal included evaluating, improving, and streamlining systems used as a part of the investigative process and updating the Unit's policies and procedures. The Unit also continued to focus on priority matters so as to maximize the effectiveness of the enforcement activity of the Unit in furtherance of the Agency's underlying mission. To that end, the Unit continued this Fiscal Year to consolidate cases where appropriate and to close non-viable investigative matters.

In FY 2021, the Unit was successful in providing $2,738,661 in restitution to Maryland consumers and assessing $60,706 in civil monetary penalties.

New Enforcement Investigations

(33 Total New Investigations)



Highlighted Enforcement Actions

Significant enforcement matters completed in FY 2021 included the resolution of a multi-state examination involving Nationstar LLC d/b/a Mr. Cooper. Maryland was a lead negotiator in this matter that resulted in a settlement that addressed deficiencies in Mr. Cooper's internal operations and remediated numerous violations of law that resulted in significant consumer harm. Violations of state and federal mortgage laws included illegal mortgage origination fees and charges, missed tax payments from borrower escrow accounts, failure to terminate private mortgage insurance when conditions were met, mishandling of loan modifications and servicing transfers, and wrongful foreclosures. Specifically, the agreement corrected harm caused to more than 115,000 consumers through refunds and other redress approaching $90 million. Additionally, to prevent similar misconduct, Mr. Cooper improved its internal operations by focusing on maintaining modern risk and compliance management systems and an agreement to comply with enhanced servicing standards over a three-year period. The order also imposed civil monetary penalties and government reimbursement in excess of $6.5 million to deter similar future misconduct and provide reimbursement of government entities for the costs associated with this matter (this included $245,000 reimbursed to the Office for its time incurred as a lead negotiator in this enforcement matter).

The Mr. Cooper settlement represents the hallmark of successful consumer protection by the Unit of not just remediating past harm to consumers but ensuring improvement in the business practices and services of a company that continues to operate throughout the country, especially during a period of economic strain due to the health pandemic. The order seeks meaningful improvements in Mr. Cooper's overall risk and compliance functions designed to be a beacon of best practices given the size and complexity of the company. Further, the enhanced servicing standards to be implemented by the company over three years supplement and fill in certain gaps involving the CFPB mortgage servicing standards, and the implementation of those standards will represent an important benchmark for the industry as the State continues to confront the economic pressures on families as a result of the health crisis.

In the matter of Natalie Pingley James d/b/a MortgageHelpNow, the Respondent, Natalie Pingley James, requested and received payment of fees prior to obtaining a mortgage loan modification for her consumer clients. The Respondent advised consumers to stop making mortgage payments to the consumers' detriment, failed to provide proper disclosures to consumers, collected compensation from consumers prior to fully performing contracted services, failed to provide notices of the right of rescission, and failed to provide signed and dated copies of written agreements to consumers with whom she contracted. As a result, the Respondent was subject to a final order directing her to cease and desist order from engaging in further foreclosure consulting activities and/or mortgage assistance relief services. Additionally, due to her violations of the Protection of Homeowners in Foreclosure Act and the Maryland Mortgage Assistance Relief Services Act the Respondent was ordered to pay a penalty of $31,000 and $5,500 in restitution to impacted consumers.

In the matter of Financial Freedom Associates, LLC and Tamieka Shelise Goode, the Respondents violated Commercial Law Article section 14-1902(1) by receiving money or other valuable considerations from Maryland consumers without being licensed as a credit service business by the Commissioner. The Respondents violated section 14-1902 by making false or misleading representations in the offer or sale of the services of a credit services business and engaged in a credit services business without being licensed to do so by the Commissioner. The failure to be licensed resulted in additional violations such as failing to conspicuously state a license number by the Commissioner in Respondents' advertising and conducting a credit services business without a surety bond. As a result, the Respondents were ordered to cease and desist from engaging in any credit services business activities and were directed to pay a $1,000 fine.

New and pending matters included the Unit opening investigations involving a wide variety of conventional and unique lending products. Those investigations remain active and the Unit will continue to monitor the marketplace in FY 2022 for new and similar products. Additionally, the Unit issued charging documents in three significant matters involving unlicensed and/or predatory lending activity. One matter involves a purported tribal entity alleged to be offering unlicensed and usurious payday loans in the State. Another matter involves alleged unlicensed and non-compliant mortgage lending involving a purported shared future home-equity transaction. The final matter involves alleged unlicensed loan brokering (under the Credit Services Businesses Act) by a business entity and its bank partner that is alleged to be lending in the state without compliance with state lending laws and without being licensed. These matters will continue to be litigated in FY 2022.

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

Monetary Recoveries for Consumers and Penalties Assessed

Consumer Recoveries

Monetary recoveries for consumers result from the Commissioner's commitment to protect the public from economic harm caused by the financial services market. During FY 2021, the Commissioner provided $4,019,277 in restitution to consumers.

Penalties Assessed

During FY 2021, the Office investigated/examined companies and/or individuals that were identified to have violated various State laws and/or regulations, and as a result of those investigations/examinations assessed penalties of $193,446.

Consumer Recoveries and Penalties Assessed

Fiscal Year 2021

	TOTAL COLLECTED	
Consumer Recoveries	$	4,019,277
Penalties Assessed	$	193,446
TOTAL	$	4,212,723

Below is a breakout of the number of penalties assessed and instances of restitution by type of license during FY 2021.

Number of Penalties Assessed and Instances of Restitution, by License Type

Fiscal Year Ended June 30, 2021

LICENSE NUMBER	LICENSE TYPE	NUMBER OF PENALTIES	INSTANCES OF RESTITUTION
1	Sales Finance		
2	Consumer Loan	1	18
3	Installment Loan		
4	Collection Agency		1
5	Secondary Mortgage		
6	Mortgage Lender	26	1,946
7	Mortgage Servicer		
8	Credit Reporting Agency		
9	Check Casher	2	24
10	Bank		
11	Credit Union		
12	Money Transmitter	1	90,773
13	Temporary Installment Loan		
14	Debt Management Service Provider		
15	Debt Settlement Service Provider		
16	Mortgage Lender - Licensed Insurance Producer		
19	Licensed Check Casher		
23	Student Loan Servicers		
26	Mortgage Originators		
28	Credit Services Business	2	
29	Check Casher Registration		
34	Registered Exempt Collection Agency		
36	Exempt Mortgage Lender - Registered		
46	Affiliated Insurance Producer - Mortgage Loan Originator		
N/A	Other	1	3
	TOTAL	33	92,765

Licensing

Opening Doors for Business

The Licensing Unit ("Unit") is responsible for the licensing and registration of financial service providers, including mortgage lender, brokers, services, 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 2021, the Office licensed 25,668 individuals and business entities representing an increase of approximately 36% in the number of active licenses compared to the prior fiscal year. Of specific note, the Unit saw approximately a 46% increase in the number of active mortgage loan originator licenses at the end of this fiscal year compared to the last fiscal year, with the Unit processing over 7,500 new mortgage loan originator applications during FY 2021. Similarly, at the end of FY 2021, the Office registered 123 individuals and business entities representing an increase of approximately 38% in the number of active registrations compared to the end of FY 2020.

As a result of the COVID-19 pandemic, the Governor issued an Executive Order extending the expiration of all Maryland issued permits, licenses, registrations, and other governmental authorization during the state of emergency and catastrophic health emergency. In response to the Governor's mandate, the Unit implemented process changes to ensure that licenses and registrations remained in effect and did not expire at the end of 2020. The Governor terminated this mandate at the end of this fiscal year and the Unit worked with licensees and registrants to ensure continuity of licensure/registration for those entities that wished to be authorized to provide financial services within the State.

During FY 2021, the Unit was successful in providing $432,383 in restitution to Maryland consumers and assessing $79,490 in civil monetary penalties.

New Business Licensees and Total Business Licensees, by Category
Fiscal Years 2021 and 2020

LICENSE CATEGORY	NEW LICENSEES FY 2021	NEW LICENSEES FY 2020	TOTAL LICENSEES FY 2021	TOTAL LICENSEES FY 2020
Affiliated Insurance Producer-Mortgage Loan Originator	0	3	50	50
Check Casher	22	16	258	242
Collection Agency	97	140	1,655	1,578
Consumer Loan	17	27	217	205
Credit Service Business	17	11	50	36
Debt Management	0	1	25	25
Installment Loan	12	21	181	178
Money Transmitter	43	22	248	208
Mortgage Lender	862	608	3,223	2,646
Mortgage Loan Originator	7,514	3,457	18,675	12,750
Registered Exempt Mortgage Lender	2	1	12	13
Sales Finance	186	134	985	847
TOTAL	8,816	4,446	25,579	18,778

New Business Registrants and Total Business Registrants, by Category
Fiscal Years 2021 and 2020

REGISTRANT CATEGORY	NEW REGISTRANTS FY 2021	NEW REGISTRANTS FY 2020	TOTAL REGISTRANTS FY 2021	TOTAL REGISTRANTS FY 2021
Credit Reporting Agencies	34	3	75	53
Debt Settlement Services	10	7	48	36
TOTAL	44	10	123	89

Transition of Consumer Reporting Agency Registration to NMLS

In FY 2021, the Office published final regulations that, in-part, required consumer reporting agencies to transfer their Maryland registrations to the NMLS. Registrants began submitting transition requests on November 1, 2020. With this transition of consumer reporting agencies registering through NMLS, the Unit now manages all of its license and registration activities through the NMLS. Fully integrating all of the Unit's activity onto the NMLS ensures greater efficiencies, better coordination among states, a reduction in regulatory burden on licensees and registrants and represents the fulfillment of one of the Office's key, long-term key strategic initiatives.

Streamlining the Licensing Process

The Office continued to take steps to streamline its licensing processes. For example, during its annual renewal period the Office implemented use of the NMLS Auto Renewal functionality for most of its company and branch license types. Licensees with no outstanding license items on their NMLS accounts, had their licenses automatically approved 5 days after their payment of the renewal fee and submission of the renewal request (to allow time for payment to clear). Unit staff reviewed NMLS records prior to the start of the renewal period, placing license items in NMLS if a licensee had not, or may not have met a particular renewal requirement; renewal will not be automatic if the license item remains open. The Unit intends to continue to leverage NMLS auto-renewal and is identifying process updates to ensure such functionality is implemented for all license categories moving forward.

Additionally, Departmental legislation was introduced and enacted during the fiscal year to, in-part, modernize the licensing process. Senate Bill 219, as it relates to money transmitters, reduces the license fee for branch offices from $2,000 to $1,000, and also creates a new branch license for self-service financial kiosks with a license fee of $500. These changes address the significant evolution of the money transmission industry and relate the fees that are charged to the type of services that an entity offers at different locations or through automated kiosks. Senate Bill 251 eliminates paper license requirements in favor of leveraging the NMLS system to provide public transparency on licensure status through the NMLS Consumer Access website. The transition away from paper-based licenses will reduce staff workload by eliminating the process of generating paper licenses and reduce company regulatory burden in tracking and posting said licenses. Further, the bill also harmonized the Unit's designation of license numbers with the use of NMLS by terminating the separate state specific license number in favor of relying solely on the NMLS unique identifier that all financial services entities are required to maintain within the system.

Licensing Training and Outreach

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

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 the Board's Chairman.

The Board continues to accomplish 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.

During FY 2021, the Board met on a monthly basis to discuss emerging issues, licensing activities, supervisory 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. During FY 2021, the Board approved new licenses for 65 collection agencies and an additional 57 branch locations. By the end of FY 2021, the Board had licensed 1,128 individual collection agencies and 485 associated branch offices.

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 2021, the Commissioner continued to have an employee appointee on NACARA's Executive Committee, beginning a term as president of the organization. Additionally, in FY 2021, 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.

During FY 2021, two longtime members (one industry member and one consumer member) retired from the Board. The Board welcomed a new industry member; the consumer member position is currently vacant with the goal of filling this position in the next fiscal year. Board membership as of the end of FY 2021 was:

Chairman: *Antonio P. Salazar*
Industry Member: *Susan Hayes*
Industry Member: *Sandra Holland (new member FY 2021)*
Consumer Member: *Eric Friedman*
Consumer Member: *(Vacant)*

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.

Many of the institutions regulated by the Office offer a number of products and services and hold multiple licenses. There are more than 21,000 licensed individuals, and more than 3,500 businesses holding a total of more than 7,000 licenses or registrations, subject to the Office's supervision.

The Unit maintains a regular examination program for mortgage service providers, money transmitters, and debt management 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 2021, the Non-Depository Supervision Unit completed a total of 173 examinations and provided a total of $751,757 in restitution and assessed $53,250 in civil monetary penalties.

Also, in FY 2021, the Unit began conducting examinations through the SES (State Examination System). SES is a comprehensive system for examination and regulatory investigation management which simplifies communication between regulators and licensees during examinations or investigations, 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 and investigative records, and aids in the sharing of examinations and regulatory investigations among states. Use of the new system commenced during the first quarter of FY 2021 and the system is being used for all new examinations.

Mortgage Supervision

The Mortgage Supervision Unit supervises the business activities of licensed **mortgage brokers, lenders, servicers, and loan originators** operating 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, the Equal Credit Opportunity Act (ECOA), and state foreclosure laws.

A statutory enactment during the prior fiscal year changed the Unit's examination scheduling requirement for each licensee 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 greater 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 2021, the Unit commenced examinations of 130 licensed businesses. Of those examinations which were required based on statutory timing requirements, 98% were commenced in a timely manner. Notably, approximately 30% of examinations were commenced on a risk basis. The Unit completed examinations of 125 licensed entities, holding a total of 260 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 2021, 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 are still in progress, with an examiner from the Unit serving as the Examiner-in-Charge for one of the two. 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.

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 2021 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. During FY 2021, staff members attended training on subjects including corporate governance and cybersecurity risks. Staff members were also trained on a new baseline cybersecurity examination program. 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 2021, 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 receive and transmit funds 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.

As money transmitters are considered money service businesses under federal law, and are thus required to adhere to Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) regulations, 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.

The rapid pace of technological innovation in the money transmission industry, and the continued proliferation of new business models, continued in FY 2021. The Office made the decision in FY 2018 to place increased emphasis on its oversight of money transmitters and that emphasis continued through FY 2021.

During FY 2021, the Unit commenced examination of 48 licensed entities. Of these, 8 were full examinations and 40 were desk reviews, wherein staff members review examination reports from other states' regulators and supplement that information with a review for compliance with Maryland laws and regulations. These 48 entities offer services through a total of 2,671 authorized delegates and 26 self-service financial kiosk locations throughout the State. The Unit completed examination of 46 Maryland Money Transmission licensees.

The Unit has long been actively involved in multi-state examinations. In FY 2021, Unit staff participated in four such examinations. Two of the four were conducted under a new "One Company, One Exam" initiative. Under this initiative, large money transmitters operating in at least 40 states are subject to only one examination within a year, with that examination being conducted jointly by multiple state regulators. States not participating in the examination agree to either accept the report of the joint examination or refrain from examining the company for at least 12 months. This reduces the regulatory burden on the company and promotes a cooperative network approach to regulation by the states.

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 2021 was on money transmitters, the Unit commenced two examinations of debt management services providers, and completed one, during the fiscal year.

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 2021, staff members attended training on corporate governance.

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 2021, the Committee met quarterly with members providing 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 shared information regarding industry trends identified within each unit; these included issues such as the increasing number of consumer complaints regarding a given issue, and increasing questions regarding the interpretation of particular statutes. 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.

In response to the COVID-19 pandemic, the Committee convened biweekly meetings of the Committee members and the Director of Outreach and Education for the purpose of identifying and addressing emerging issues relating to the pandemic and its impact on the Office, consumers, and industry. This process was intended to inform the Office's response to issues within the Commissioner's purview. During FY 2021, the Committee focused in particular on monitoring the status of the foreclosure moratoria and the wind-down of CARES Act forbearances, and the impact of these events on consumers.

Foreclosure Systems Administration

Oversight of the Electronic Reporting System for Foreclosure Notices and Registrations

Three residential foreclosure-related reporting mandates fall under the authority of the Office: Notices of Intent to Foreclose (NOI), Notices of Foreclosure (NOF), and Foreclosed Property Registrations (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.

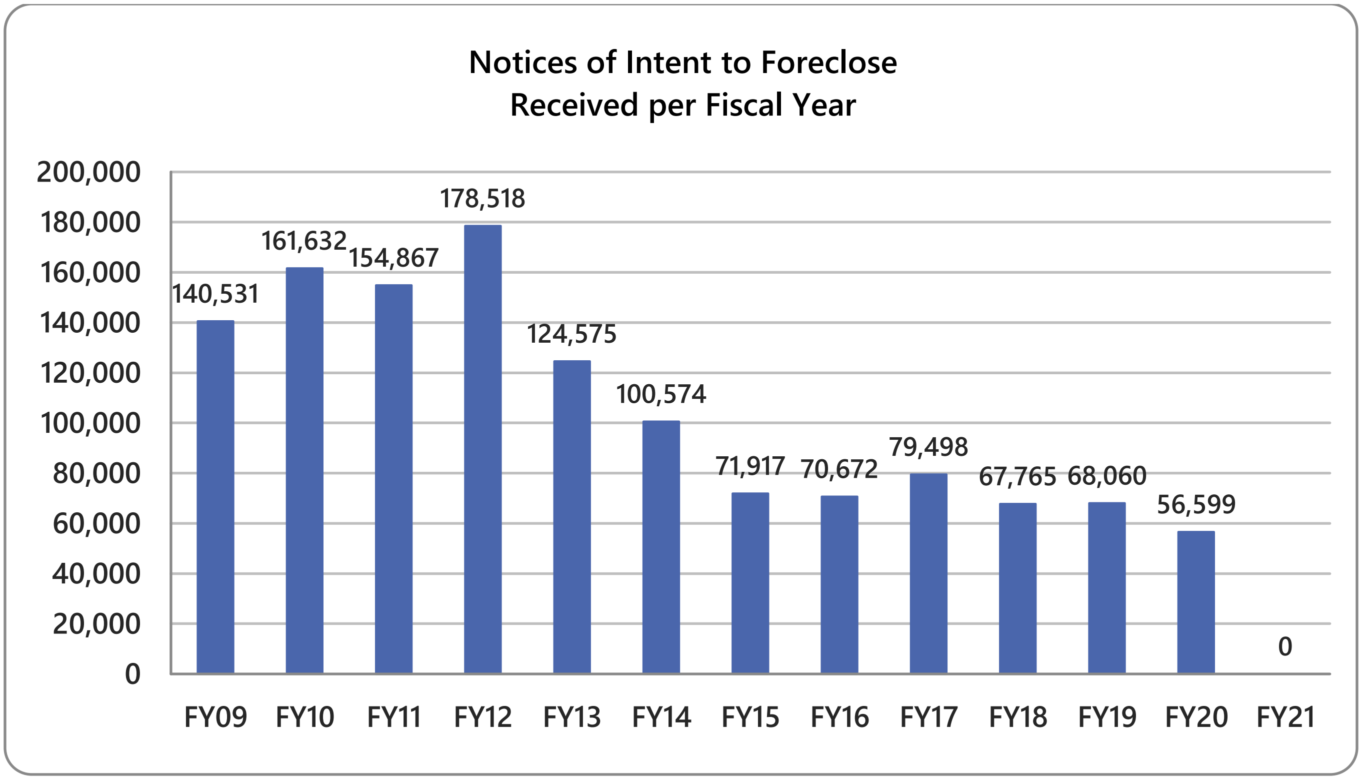
- An NOI is mailed by the secured party of the mortgage in default to the borrower at least 45 days prior to the foreclosure action being filed in court, and a copy of the NOI is required to be electronically submitted to the Office. The NOI provides crucial information about the mortgage and instructions 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.

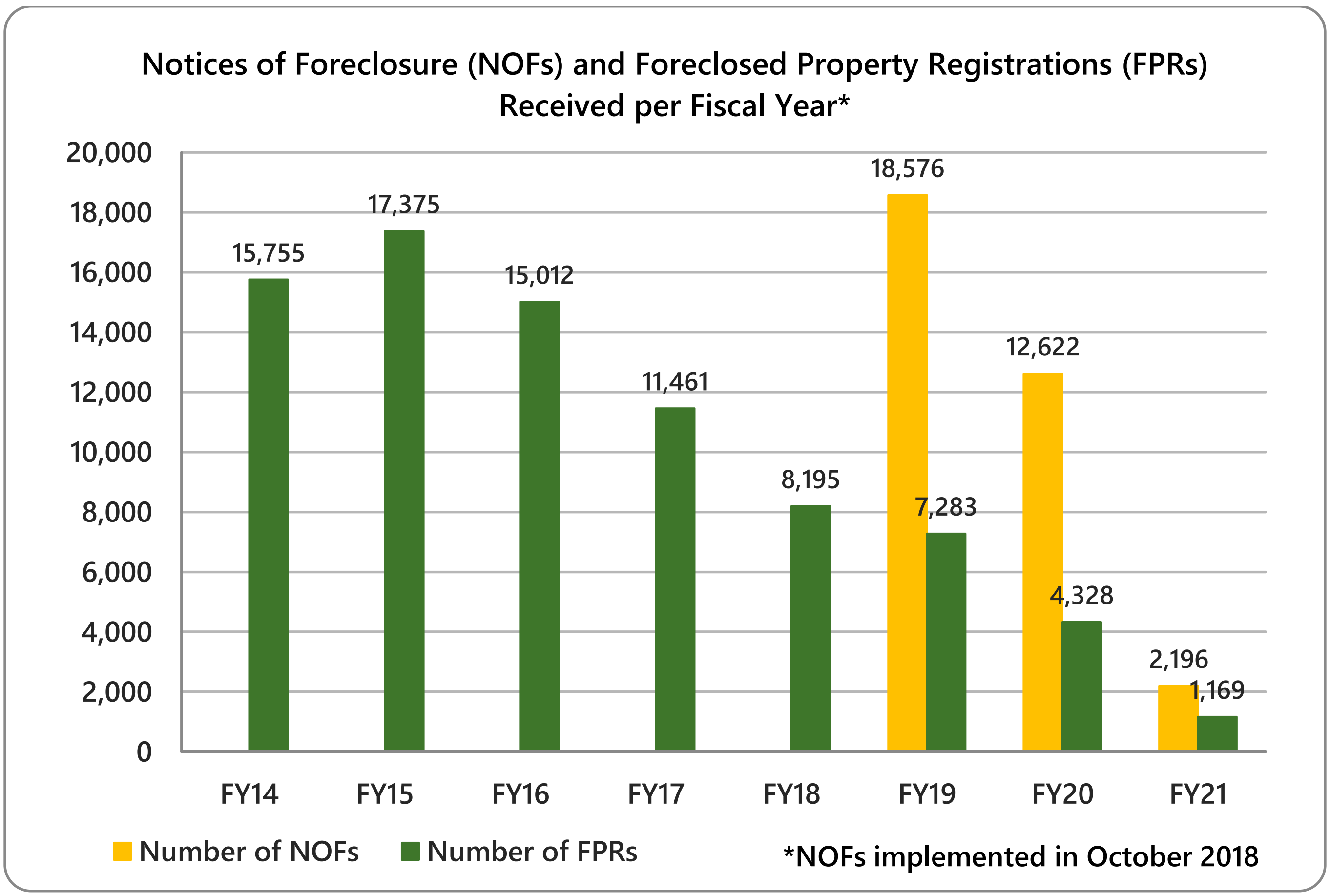
- An NOF is an electronic registration submitted to the Office within seven days of the filing of the Order to Docket or Complaint to Foreclose (the initial court filing that starts the legal foreclosure process) by the party authorized to foreclose. The NOF provides ownership information about properties 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 April 2020, in response to the COVID-19 pandemic, the Office closed its electronic NOI system in accordance with an executive order issued by Governor Hogan. The system remained closed through FY 2021. During that time, the Office and the OIT completed the final phase of a multi-year IT development project to significantly upgrade the existing online foreclosure databases that are used for electronic reporting. The overall project plan required integrating all three of the foreclosure-related reporting mandates into one comprehensive online registration system with the goal of improving overall functionality and user experience. The first two phases, which were completed prior to FY 2021, involved the development and implementation of the new NOF database and the upgrade and transfer of the FPR database onto the FRS.

The third and final phase involved upgrading and transferring the NOI reporting system to the FRS. This work was completed during the fiscal year and the new NOI component in the FRS was ready for deployment when the NOI closure ended at the end of this fiscal year. The new NOI functionality more completely captures all required data fields within each NOI, thereby producing a copy of the form, and includes data validation features to ensure that the Office receives accurate information. For those submitting NOI's, the new component allows users to generate the actual form to be mailed to the consumer as part of the data entry process, thereby ensuring that the form is compliant with applicable regulations and eliminates the need for the user to complete the form and then submit the information separately. The Office updated the FRS User Guides, and offered live training for the new NOI component, with the live session recorded and made available to users on demand.


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
0
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19
FY20
FY21


Notices of Foreclosure (NOFs) and Foreclosed Property Registrations (FPRs)
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
2,196
1,169
FY14
FY15
FY16
FY17
FY18
FY19
FY20
FY21
Number of NOFs
Number of FPRs
*NOFs implemented in October 2018

Foreclosure Systems: FY 2021 Summary Table

	NOTICE OF INTENT TO FORECLOSE (NOI)	NOTICE OF FORECLOSURE (NOF)	FORECLOSED PROPERTY REGISTRATION (FPR)
Number Received by OCFR	0	2,196	1,169
Stage of Foreclosure	Mortgage or other contractual default	Foreclosure action filed in court	Foreclosure sale/auction
Reporting Requirement	After the first missed payment *and* no less than 45 days prior to foreclosure action filing	Within 7 days of filing	Within 30 days of sale (initial FPR) and within 30 days of deed recordation (final FPR)
Person Submitting	Secured party (or their agent)	Person authorized to make the foreclosure sale (or their agent)	Foreclosure sale purchaser (or their agent)
Requirement Effective Date	January 2011 (for electronic submission)	October 2018	October 2012
Primary User and Purpose	Office of the Commissioner of Financial Regulation – supervision and outreach	Maryland local or state governments – nuisance abatement and other related activities	Maryland local or state governments – nuisance abatement and other related activities

Depository Supervision

State-Chartered Financial Institutions: The Evolution of Challenges Persists in the Era of the Global Pandemic

Management and the directors of Maryland state-chartered financial institutions supervised by the Office settled into a "new" normal in FY 2021. Management continued to work diligently and creatively to maintain the sound financial conditions of their institutions while continuing to support and serve their business and consumer customers, members, and clients through the COVID-19 global pandemic.

In FY 2021, all Maryland state-chartered banks and credit unions continued with programs implemented in FY 2020 such as interest forgiveness, loan principal and/or interest deferrals, modifications, loan restructurings, refinancing, etc., to assist their borrowers through financial challenges and hardship. Such programs were encouraged by federal regulatory agencies, the Federal Financial Institution Examination Council, as well as Maryland State Government, including Governor Hogan's Office, the Commerce Department, and the Office. Some of these programs were extended into FY 2022, especially the Small Business Administration's Payroll Protection Program (PPP) which also included loan forgiveness for eligible borrowers. All Maryland state-chartered commercial banks and larger credit unions participated in the PPP which helped Maryland businesses keep their businesses open and their staff employed. Maryland state-chartered banks and credit unions also made grants, donations, and provided other assistance to their employees, Marylanders, and local organizations.

Many of Maryland's state-chartered banks and credit unions adopted the means necessary to directly protect the well-being of their customers, members, and employees by encouraging and promoting the use of electronic and mobile banking, telephone banking, and drive-through teller transactions, and requiring appointments for in-branch banking needs, with all institutions remaining open throughout the pandemic.

Overall, throughout FY 2021, Maryland state-chartered banks and credit unions continuously reported strong financial positions, strong asset quality, and capital augmentation, performing better than had been expected at the onset of the pandemic.

Banks and credit unions reported an overall lower loans-to-deposit ratio than at the end of FY 2020 but they showed considerably more liquidity at the end of FY 2021 as consumers and businesses conserved their liquid assets during the pandemic. Importantly, their liquidity was based on less volatile funding sources than reported in prior years. Contributing to the improved liquidity position were the stimulus funds infused into the economy from the Coronavirus Aid, Relief, and Economic Security Act and the resulting PPP that generated in excess of $15 billion in loans processed by Maryland financial institutions.

In carrying out the Office's mission to protect Marylanders through the operation of a modern financial regulatory system that promotes respect for consumers, safety and compliance, fair competition, responsible business innovation, and a strong, stable State economy, the Office throughout the pandemic issued regulatory advisories and guidance in concert with federal agencies and Governor Hogan's Executive Orders, communicated with and answered questions from bankers, monitored loan deferrals and PPP loan activity, and monitored branch network accessibility. The Office will continue to support Maryland state-chartered institutions' future advancements and innovations in providing better customer and member products and services. Though the pandemic has continued into FY 2022, at the end of FY 2021 Maryland and its citizens experienced a limited return to normalcy with the development of effective vaccines and continued mask wearing and social distancing mandates, and as businesses began reopening and infection, hospitalizations, and death rates began subsiding.

In a continued effort to protect Office staff and Maryland citizens from the spread of the virus, throughout FY 2021, safety and soundness examinations - from examination pre-planning to final examination exit meetings - were conducted remotely via teleconference communications and/or via virtual meetings software, and this system worked remarkably well. The Office continued that practice into FY 2022 and intends to conduct examinations on a hybrid basis of onsite and remote work going forward.

The Office supervises a total of 37 institutions chartered by the Commissioner, of which 26 are banks, seven are credit unions, and four are non-depository trust companies. The Office also supervises the American Share Insurance Corporation (ASI), an Ohio-based, private provider of deposit insurance for credit unions.

Bank Supervision

As anticipated in last year's Annual Report, merger and acquisition activity in FY 2021 continued to impact Maryland state-chartered banks. The number of Office-supervised banks decreased 7% over the fiscal year from 28 to 26. Despite the reduction in the number of banks, the total assets held by banks under the Office's supervision grew by $3.6 billion, or 8.65%, from $41.9 billion to $45.6 billion.

As for capital, Maryland state-chartered banks' aggregate capital position increased approximately 12.31% from $4.9 billion to $5.5 billion over FY 2020 due primarily to improved earnings and reduced provisions for loan and lease losses. Bank holding companies were successful in raising capital during FY 2021 and down-streamed equity into their bank subsidiaries. The combined reported capital leverage ratio of 10.99% represented an increase in that ratio and can be generally attributable to a material reduction in dividend payouts and increases in net income. Given these improved levels, all Maryland state-chartered banks ended FY 2021 well capitalized.

Throughout FY2021, Maryland state-chartered banks' aggregate level of net loans and leases declined slightly, but the level of securities increased $2.1 billion, or 56.57%, to $5.9 billion. The overall level of allowance for loan and lease losses decreased 7.22% to $391.8 million, due, in large part, to decreased provisioning for loan and lease losses upon realization that asset quality was not as negatively impacted by the pandemic as initially expected at the end of FY 2020.

Asset quality performance indices experienced mixed results with non-performing assets to total assets declining to 0.71% from the 0.77% at the end of FY 2020, and other real estate owned decreasing by 20.47% to $36.7 million as the moratorium on foreclosures resulted in fewer additions to other real estate owned portfolios. However, net charge-offs to total loans and leases increased negligibly from 0.12% ending FY 2020 to 0.13% ending FY 2021. Earnings performance experienced a very positive trend during the year with return on assets (ROA) increasing from 0.50% ending FY 2020 to 1.67% ending FY 2021. Much of the increase is likely attributed to decreased provisions from FY 2020 as noted above. Maryland state-chartered banks' net interest margin (NIM) declined primarily due to the low interest rate environment. The aggregate NIM decreased from 3.61% as of FY-end 2020 to 3.49% as of FY-end 2021. From a funding perspective, banks have 51.13% more in on-balance sheet liquidity than was reported at the end of FY 2020.

Safety and soundness examinations continued to be full scope, although sample sizes were reduced in FY 2021. The Office assessed banks' capital levels, asset quality performance indices and trends, management oversight, earnings levels and trends, liquidity and funds management, sensitivity to interest rate risk, and risk management practices, with an emphasis on commercial real estate lending and liquidity and lending concentrations in all of its examinations. Information technology, cybersecurity, and the Bank Secrecy Act/Anti-Money Laundering reviews and assessments also continued as essential components of examinations.

The Office is pleased to report that it did not issue any formal enforcement actions due to safety and soundness concerns 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 monitoring.

As a result of both mergers and organic growth, Maryland now has two state-chartered banks each with over $10 billion in total assets. Each of those banks now is required to comply with a variety of additional federal regulations applicable to large bank organizations. In addition, those banks became subject to the examination and supervisory authority of the Consumer Financial Protection Bureau, which examines for compliance with federal consumer financial laws.

Interest rates remained flat through FY 2021 and competition for loans and deposits remained aggressive—providing challenges in Maryland markets that required Maryland's bankers to work diligently and carefully to manage their institutions. Topics in the forefront of the Office's work in FY 2021 continued to include pandemic responses, close monitoring of banks' asset quality and servicing practices, cybersecurity, transition from LIBOR, elder abuse monitoring and prevention, 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. Marijuana and hemp banking continues to gain more attention, and Maryland has another bank, a Maryland state-chartered bank, that recently started servicing marijuana related businesses. The Office is participating in a task force on climate change risk to community banks led by the New York Department of Finance. The Office is continuing to evaluate the physical and transitional risks of climate change and the potential financial impact related to those risks to various industries to more effectively provide guidance to regulated institutions with respect to those risks.

Maryland state-chartered banks continue to have a significant impact on the regional economy and the banking industry continues to improve processes, grow assets, and prosper throughout the pandemic. Several banks re-evaluated their physical footprint and their ability to effectively serve their business and consumer customers using electronic means, with some banks closing branches to achieve more operational efficiency. 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 as the COVID-19 pandemic continues to affect consumers and businesses. 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 with the remaining credit union privately insured by ASI. Credit unions received full scope safety and soundness examinations in FY 2021. As with the bank examinations, sample sizes were reduced and the examinations were conducted remotely. The Office supplemented the examinations with quarterly, off-site monitoring and targeted examinations as deemed necessary.

Overall, in FY 2021, credit unions' total assets increased 9.88% from $6.7 billion ending FY 2020 to $7.3 billion ending FY 2021. Over the same period, total loans decreased to $4.1 billion from $4.7 billion, investment and securities more than doubled from $705.9 million to $1.8 billion, shares and deposits increased to $6.5 billion from $5.9 billion, and total capital increased to $718.1 million from $686.3 million. Additionally, the credit unions' net worth declined from 10.27% of total assets to 9.78% of total assets, as asset growth outpaced equity formation, while their combined return on assets (ROA) increased from 0.18% to 0.48%. Much of the increase in their ROA was driven by a reduction in provision expenses and an increase in noninterest income.

Like Maryland's banks, Maryland state-chartered credit unions also benefited from a strong economy despite being confronted with the global pandemic. They continued to serve their membership during the pandemic and recovered from the depressed profitability of FY 2020 that was due, in part, to COVID-19 related reasons. The Office continues to be committed to assisting credit union management with leading their institutions while meeting the needs of their membership. 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.

Non-Depository Trust Company Supervision

Maryland's four state-chartered non-depository trust companies continued to benefit from a strong economy and they recovered soundly from the FY 2020 downturn in national and international equity and bond markets that occurred during the early stages of the COVID-19 pandemic. Trust company management has continued to work diligently to meet the needs of their clients during uncertain domestic and global times. Through FY 2021, managed and non-managed assets continued to grow with total assets-under-management increasing to $617 billion from $461.5 billion at FY-end 2020. The trust companies anticipate continued growth in FY 2022 notwithstanding the pandemic. Trust companies generated net income of $53.7 million as of FY-end 2020 and $113.6 million as of December 31, 2020. As of FY-end 2021, net income totaled $76 million, and annualized, as of December 31, 2021, is projected to equal $151.9 million, a 33.7% increase over FY-end 2020.

Safety and soundness examinations are full scope and conducted remotely, and examiners focus on asset management, earnings, capital, management, operations, internal controls and audit, compliance, 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 28 banks with $41.837 billion in total assets and ended the fiscal year with responsibility for 26 banks with $45.568 billion in total assets, resulting in an annual asset growth rate of 8.65% as of June 30, 2021. While asset growth has been steady, over the past five years, the number of Maryland state-chartered banks has declined 40% from 41 in 2016 to 26 by the end of FY 2021. Two additional bank mergers are anticipated in FY 2022 one of which will involve a merger with an out-of-state national bank. Additionally, the Office has received notice from a Maryland state-chartered bank of its intent to convert to a national banking association. Although bank consolidation activity has resulted in a material reduction in the number of Maryland state-chartered banks over the past five years, the percentage of total bank assets held nationally as compared to total bank assets held by Maryland state-chartered banks has increased slightly over that same time. Thus, bank consolidation activity has not adversely impacted the continued asset growth for Maryland state-chartered banks which has outpaced national growth over the past five years (48% for Maryland state-chartered banks and 38% nationally). Nonetheless, the Office continues to have some concern about the impact the ongoing consolidation of Maryland state-chartered banks has on potential local decision making and control.

The Office also has regulatory responsibility for seven credit unions with $7.342 billion in total assets. Annual asset growth in the credit unions supervised by the Office was 9.8% for FY 2021 and total asset growth over the past five years for Maryland state-chartered credit unions has been 37%. The legislation supported by the Office during the 2021 session to streamline the process for Maryland state-chartered credit unions seeking to exercise additional powers was adopted and signed into law.

The Office continues to supervise four non-depository trust companies and they had $620.022 billion in total assets.

The Office saw an increase in the number of financial institutions closing, consolidating, and relocating branches in the state as a result of ongoing bank consolidations and COVID-19 pandemic related changes in consumer behavior as consumers turned to and continued to utilize electronic banking options. As of June 30, 2021, the State of Maryland is served by 80 banks with 1,347 bank branches, down 84 branches from last year. Despite the COVID 19 pandemic, Maryland state-chartered banks opened new locations in Cecil County, Maryland, Ocean City, Maryland, Fredericksburg, Virginia, and Waynesboro, Pennsylvania. A Maryland state-chartered credit union opened a new branch location in Clarksville, Maryland and applied to open new branch locations in Frederick and Maple Lawn, Maryland in FY 2022. The State of Maryland is served by 74 credit unions.

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 on-going conditions around the COVID-19 pandemic. The Office works closely 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.

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. 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 continued consolidation in the industry over the next few years. Two state-chartered banks were acquired and merged into other Maryland state-chartered banks during the fiscal year: Carroll Community Bank was merged into Farmers and Merchants Bank, headquartered in Upperco, Maryland and 1880 Bank was merged into BayVanguard Bank, headquartered in Baltimore, Maryland. Additionally, and as a result of the economic impacts of the COVID-19 pandemic, the Office received a request for approval of voluntary dissolution from Maryland's de novo bank in formation, NXG Bank. The request was approved in December of 2020.

Maryland state-chartered banks, credit unions, and trust companies and several out-of-state financial institutions interested in conducting business in Maryland also established or relocated 15 branches; obtained or renewed 18 representative office permits; initiated wild card proposals; and sought approval from or notified the Office of a wide range of other corporate restructuring and/or proposed activities.

State-Chartered Institutions: Figures

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

Fiscal Years Ended June 30th

(in thousands)

ASSETS	FY 2021	FY 2020	% Change
Cash and Balances Due from Depository Institutions:			
Non-Interest Bearing & Currency/Coin	$ 452,072	$ 489,928	-7.73%
Interest Bearing Balances	$ 4,153,113	$ 2,818,529	47.35%
Securities	$ 5,867,990	$ 3,747,885	56.57%
Federal Funds Sold and Securities Purchased Under Agreements to Sell	$ 445,109	$ 97,985	354.26%
Loans and Leases, Net of Unearned Income	$ 32,272,396	$ 32,489,247	-0.67%
(Allowance for Loan and Lease Losses)	$ (391,771)	$ (422,277)	-7.22%
Trading Account Assets	$ 5,548	$ -	-
Premises and Fixed Assets (including capitalized leases)	$ 443,404	$ 448,191	-1.07%
Other Real Estate Owned	$ 36,703	$ 46,152	-20.47%
Intangible Assets	$ 686,711	$ 671,907	2.20%
Other Assets	$ 1,204,965	$ 1,128,591	6.77%
Total Assets	**$ 45,568,011**	**$ 41,938,325**	**8.65%**
LIABILITIES	**FY 2021**	**FY 2020**	**% Change**
Total Deposits	$ 38,303,678	$ 33,705,264	13.64%
Federal Funds Purchased & Repurchase Agreements	$ 274,748	$ 249,910	9.94%
Trading Liabilities	$ 5,721	$ -	-
Subordinated Debt	$ 30,543	$ 31,244	-2.24%
Other Borrowed Funds	$ 1,105,018	$ 2,721,456	-59.40%
Other Liabilities	$ 364,808	$ 368,174	-0.91%
Total Liabilities	**$ 40,084,516**	**$ 37,076,048**	**8.11%**
EQUITY CAPITAL	**FY 2021**	**FY 2020**	**% Change**
Perpetual Preferred Stock	$ -	$ -	
Common Stock	$ 138,521	$ 151,677	-8.67%
Surplus	$ 3,043,551	$ 2,734,669	11.30%
Undivided Profits and Capital Reserves	$ 2,301,423	$ 1,975,932	16.47%
Total Equity Capital	**$ 5,483,495**	**$ 4,862,278**	**12.78%**
Total Liabilities and Equity	**$ 45,568,011**	**$ 41,938,326**	**8.65%**

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

Fiscal Years Ended June 30th

YEAR ENDED JUNE 30TH	FY 2021	FY 2020	FY 2019
Return on Assets	1.67%	0.50%	1.28%
Net Interest Margin	3.49%	3.61%	3.81%
Total Loans to Total Deposits	84.25%	96.39%	99.50%
Total Loans to Core Deposits	96.31%	110.92%	117.20%
Total Loans to Total Assets	70.82%	77.47%	79.52%
ALLL to Total Loans	1.20%	1.28%	0.90%
Noncurrent Loans to Total Loans	0.88	0.84%	0.84%
Tier 1 Leverage Capital	10.99%	10.57%	11.33%
Tier 1 Risk-Based Capital	***	***	13.02%
Total Risk-Based Capital	15.91%	14.13%	13.95%
Common Equity Tier 1 Capital	***	***	13.02%

*** 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 Ended June 30th

(in thousands)

YEAR	TOTAL ASSETS	TOTAL LOANS	SECURITIES	TOTAL DEPOSITS	TOTAL CAPITAL
2021	$ 45,568,011	$ 32,272,396	$ 5,867,990	$ 38,303,678	$ 5,483,495
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

FIGURE 4. State-Chartered Bank Growth Trends

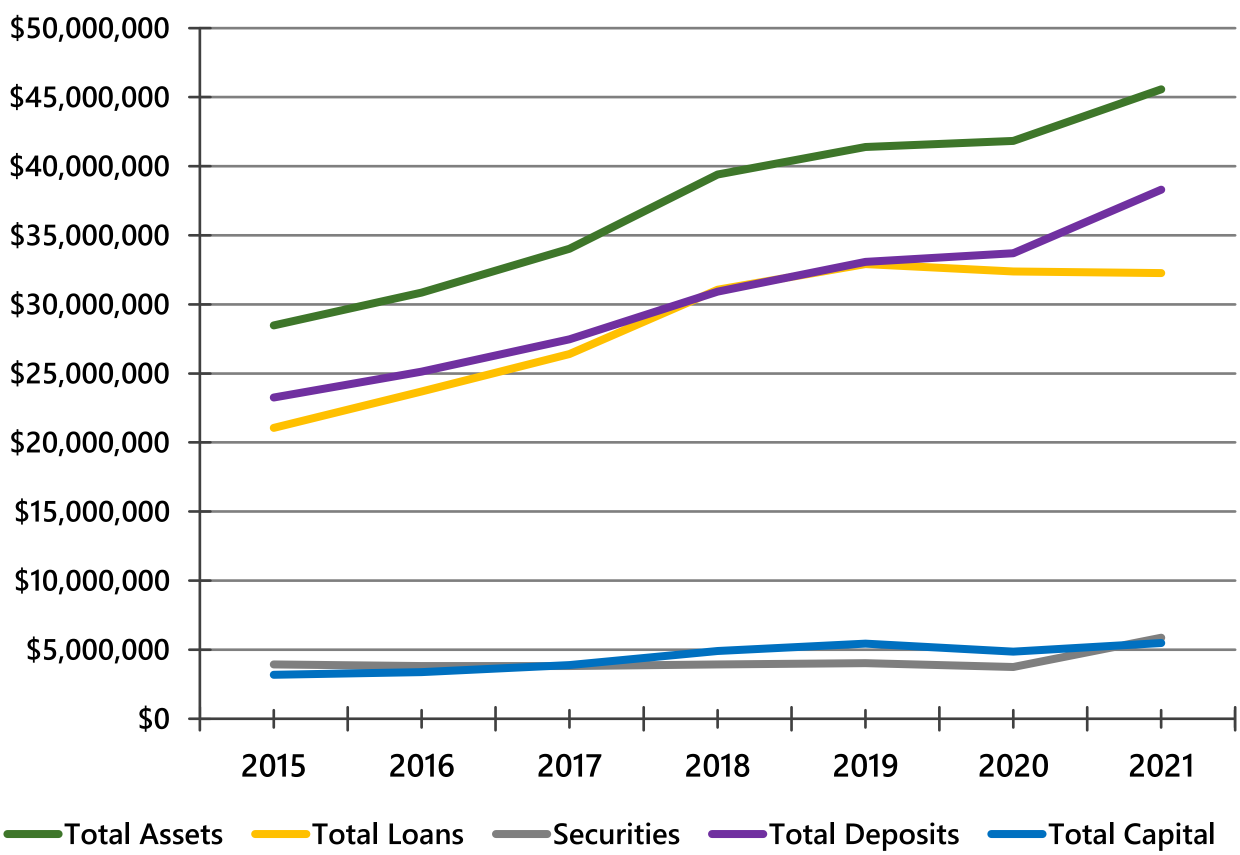


FIGURE 5. Trust Assets Reported by State-Chartered Trust Companies

Fiscal Year Ended June 30, 2021
(in thousands)

FULL SERVICE TRUST COMPANIES	MANAGED	NON-MANAGED	CUSTODIAL	TOTAL
First United Bank & Trust	$ 1,007,869	$ 71,998	$ 3,047	$ 1,082,914
Sandy Spring Bank	$ 1,738,483	$ 161,384	$ 33,706	$ 1,933,573
Total Assets - Full Service Trust Companies	**$ 2,746,352**	**$ 233,382**	**$ 36,753**	**$ 3,016,487**
NON-DEPOSITORY TRUST COMPANIES	**MANAGED**	**NON-MANAGED**	**CUSTODIAL**	**TOTAL**
Brown Investment Advisory & Trust Co.	$ 7,581,189	$ 921,588	$ 0	$ 8,502,777
Chevy Chase Trust Company	$ 14,236,691	$ 24,148,250	$ 3,611,105	$ 41,996,046
NewTower Trust Company	$ 10,940,064	$ 0	$ 0	$ 10,940,064
T. Rowe Price Trust Company	$ 274,896,674	$ 280,670,299	$ 0	$ 555,566,973
Total Assets - Non-Depository Trust Companies	**$ 307,654,618**	**$ 305,740,137**	**$ 3,611,105**	**$ 617,005,860**
GRAND TOTAL: Full Service and Non-Depository Trust Companies	**$ 310,400,970**	**$ 305,973,519**	**$ 3,647,858**	**$620,022,347**

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

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

ASSETS	FY 2021	FY 2020	% Change
Cash & Balances Due From Depository Inst.	$ 1,023,274	$ 959,640	6.63%
Investments & Securities	$ 1,830,736	$ 705,943	159.33%
Total Loans	$ 4,094,893	$ 4,675,647	-12.42%
Allowance for Loan and Lease Losses	$ (50,504)	$ (40,894)	23.50%
Premises and Fixed Assets	$ 79,073	$ 75,247	5.08%
Other Assets	$ 270,066	$ 251,537	7.37%
Total Assets	**$ 7,342,133**	**$ 6,682,139**	**9.88%**
LIABILITIES	**FY 2021**	**FY 2020**	**% Change**
Members' Shares and Deposits	$ 6,517,717	$ 5,881,260	10.82%
Borrowed Money	$ 52,143	$ 60,571	-13.91%
Other Liabilities	$ 67,641	$ 55,096	22.77%
Total Liabilities	**$ 6,637,502**	**$ 5,996,928**	**10.68%**
Total Net Worth	**$ 718,118**	**$ 686,290**	**4.64%**
Total Liabilities and Equity	**$ 7,342,133**	**$ 6,682,139**	**9.88%**

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

Fiscal Years Ended June 30th

ADDITIONAL INFORMATION AS OF JUNE 30TH	2021	2020	2019
Net Worth to Total Assets	9.78%	10.27%	10.91%
Net Worth to Members' Shares & Deposits	11.02%	11.67%	12.47%
Total Loans to Total Assets	55.77%	69.97%	76.45%
Total Loans to Members' Shares & Deposits	62.83%	79.50%	87.39%
ALLL* to Total Loans	1.23%	0.87%	0.85%
Return on Assets (annualized)	0.48%	0.18%	0.42%

* = Allowance for Loan and Lease Losses

FIGURE 8. Credit Union Prior Period End Totals

Fiscal Years Ended June 30th

(in thousands)

YEAR	TOTAL ASSETS	TOTAL LOANS	SHARES & DEPOSITS	TOTAL CAPITAL
2021	$ 7,342,133	$ 4,094,893	$ 6,517,717	$ 718,118
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

FIGURE 9. State-Chartered Credit Union Growth Trends

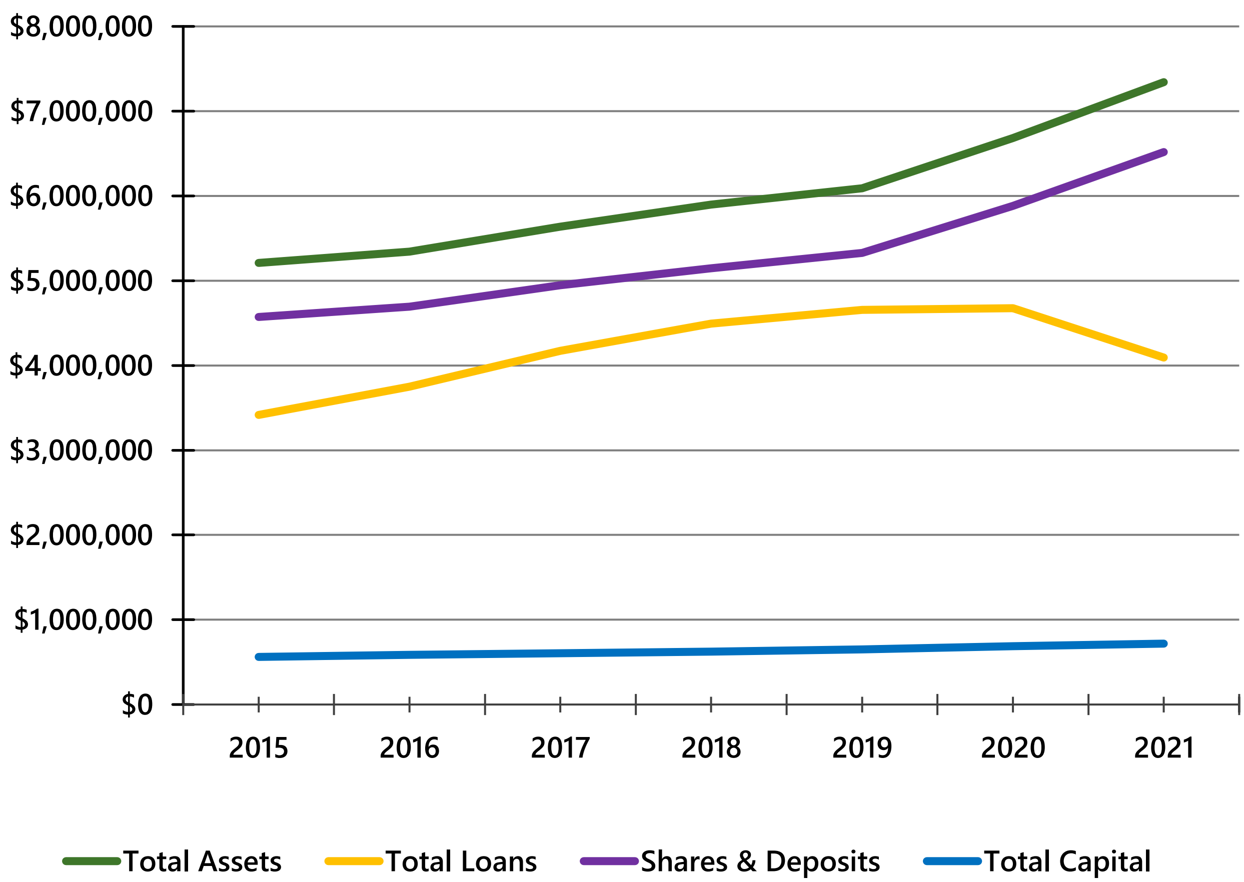


FIGURE 10. Selected Balance Sheet Items – State-Chartered Credit Unions

Fiscal Year Ended June 30, 2021
(in thousands)

CREDIT UNION NAME	TOTAL ASSETS	TOTAL LOANS	SHARES & DEPOSITS	TOTAL CAPITAL
ASI Private Share Insurance				
Post Office Credit Union of MD, Inc.	$ 33,825	$ 5,899	$ 25,436	$ 8,320
National Credit Union Share Insurance				
Central Credit Union of MD, Inc.	$ 46,484	$ 15,792	$ 41,944	$ 4,478
Destinations Credit Union	$ 71,225	$ 28,854	$ 61,983	$ 8,827
HAR-CO Credit Union	$ 232,007	$ 130,979	$ 212,546	$ 18,693
Municipal Employees Credit Union of Baltimore, Inc.	$ 1,365,103	$ 740,342	$ 1,202,916	$ 145,253
Point Breeze Credit Union	$ 921,047	$ 500,570	$ 794,413	$ 119,776
State Employees Credit Union of MD, Inc.	$ 4,672,441	$ 2,672,457	$ 4,178,479	$ 412,772
Total All Maryland State-Chartered Credit Unions	**$ 7,343,133**	**$ 4,094,893**	**$ 6,517,717**	**$ 718,118**

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

Fiscal Year Ended June 30, 2021

MERGERS AND ACQUISITIONS		
Surviving Institution **Main Location**	**Merged/Acquired Institution** **Main Location**	**Approval**
Farmers and Merchants Bancshares, Inc. Upperco, MD	Carroll Bancorp, Inc. Sykesville, MD	8/26/2020
Farmers and Merchants Bank Upperco, MD	Carroll Community Bank Sykesville, MD	8/26/2020
Bay-Vanguard M.H.C. Baltimore, MD BV Financial, Inc. Baltimore, MD	Delmarva Bancshares, Inc. Cambridge, MD	9/16/2020
BayVanguard Bank Baltimore, MD	1880 Bank Cambridge, MD	9/16/2020
Bay-Vanguard M.H.C. Baltimore, MD BV Financial, Inc. Baltimore, MD BayVanguard Bank Baltimore, MD	North Arundel Savings Bank Pasadena, MD	Pending
F.N.B. Corporation Pittsburg, PA	Howard Bancorp, Inc. Baltimore, MD	Pending
F.N.B. Bank Pittsburg, PA	Howard Bank Baltimore, MD	Pending

VOLUNTARY DISSOLUTION	
Institution Name **Main Location**	**Status**
NXG Bank (in formation) Columbia, MD	12/18/2020

CHARTER CONVERSION – TO A NATIONAL BANKING ASSOCIATION	
Institution Name **Main Location**	**Status**
Shore United Bank Easton, MD	Pending

AFFILIATE FORMATION		
Institution Name **Main Location**	**Affiliate**	**Approval**
First United Bank and Trust Oakland, MD	MCC FUBT FUND, LLC	04/01/2021

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

Fiscal Year Ended June 30, 2021

BANK NAME	PRINCIPAL LOCATION	TOTAL ASSETS (in thousands)	NO. OF BRANCHES	CRA RATING
Bank of Glen Burnie	Glen Burnie	$ 432,742	8	Satisfactory
Bank of Ocean City	Ocean City	$ 582,276	5	Satisfactory
BayVanguard Bank	Baltimore	$ 800,771	16	Outstanding
Calvin B. Taylor Banking Company	Berlin	$ 836,871	12	Satisfactory
Cecil Bank	Elkton	$ 194,502	4	Satisfactory
CFG Bank	Baltimore	$ 2,045,459	2	Satisfactory
Chesapeake Bank and Trust Co.	Chestertown	$ 126,719	3	Satisfactory
Community Bank of the Chesapeake	Waldorf	$ 2,192,993	11	Satisfactory
Congressional Bank	Potomac	$ 2,464,967	7	Satisfactory
EagleBank	Bethesda	$ 10,934,369	22	Outstanding
Farmers and Merchants Bank	Upperco	$ 707,884	8	Satisfactory
Farmers Bank of Willards	Willards	$ 489,234	9	Satisfactory
First United Bank and Trust	Oakland	$ 1,743,498	25	Satisfactory
Glen Burnie Mutual Savings Bank	Glen Burnie	$ 106,677	1	Satisfactory
Harbor Bank of Maryland	Baltimore	$ 333,503	6	Satisfactory
Harford Bank	Aberdeen	$ 519,364	9	Satisfactory
Hebron Savings Bank	Hebron	$ 778,798	13	Satisfactory
Howard Bank	Baltimore	$ 2,598,877	14	Satisfactory
Middletown Valley Bank	Middletown	$ 722,485	7	Satisfactory
North Arundel Savings Bank	Pasadena	$ 47,471	1	Satisfactory
The Peoples Bank	Chestertown	$ 317,585	7	Satisfactory
Provident State Bank, Inc.	Preston	$ 570,407	10	Satisfactory
Queenstown Bank of Maryland	Queenstown	$ 621,924	8	Satisfactory
Sandy Spring Bank	Olney	$ 12,912,358	59	Outstanding
Shore United Bank	Easton	$ 2,119,309	22	Satisfactory
Woodsboro Bank	Woodsboro	$ 367,028	6	Satisfactory
Bank of Glen Burnie	Glen Burnie	$ 432,742	8	Satisfactory
Bank of Ocean City	Ocean City	$ 582,276	5	Satisfactory
TOTAL: 26		$ 45,568,071	295	

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

Fiscal Year Ended June 30, 2021

NAME	PRINCIPAL LOCATION	TOTAL ASSETS (in thousands)	NO. OF BRANCHES	FIELD OF MEMBERSHIP TYPE
Central Credit Union of Maryland	Towson	$ 46,484	2	Multiple Common Bond
Destinations Credit Union	Parkville	$ 71,225	2	Multiple Common Bond
HAR-CO Credit Union	Bel Air	$ 232,007	3	Community Common Bond
Municipal Employees Credit Union of Baltimore (MECU)	Baltimore	$ 1,365,103	9	Multiple Common Bond
Point Breeze Credit Union	Hunt Valley	$ 840,016	5	Multiple Common Bond
Post Office Credit Union of MD, Inc.	Hunt Valley	$ 921,047	5	Multiple Common Bond
State Employees Credit Union of Maryland, Inc. (SECU)	Baltimore	$ 33,825	1	Single Common Bond
TOTAL: 7		**$ 7,342,132**	**45**	

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

Fiscal Year Ending June 30, 2021

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 Ended June 30, 2021

BANK	PRINCIPAL LOCATION	TYPE OF CHARTER	TOTAL ASSETS (in thousands)
Arundel Federal Savings Bank	Glen Burnie, MD	FSB	$ 451,344
Capital Bank, N.A.	Rockville, MD	NB	$ 2,120,225
Chesapeake Bank of Maryland	Parkville, MD	FSB	$ 249,785
Eastern Savings Bank, FSB	Hunt Valley, MD	FSB	$ 340,015
First Shore Federal Savings & Loan Assoc.	Salisbury, MD	FSB	$ 341,456
Homewood Federal Savings Bank	Baltimore, MD	FSB	$ 61,255
Jarrettsville Federal Savings & Loan Assoc.	Jarrettsville, MD	FSB	$ 133,231
Presidential Bank, FSB	Bethesda, MD	FSB	$ 884,999
Rosedale Federal Savings & Loan Assoc.	Nottingham, MD	FSB	$ 1,053,789
Severn Savings Bank, FSB	Annapolis, MD	FSB	$ 1,142,516
TOTAL: 10			$ 6,778,615

Financial Statements:
Office Revenues and Expenditures

FS 1. Summary of All Office Revenues and Expenditures

Fiscal Years Ended June 30th

REVENUES	FY 2021	FY 2020	FY 2019
Special Funds			
Banking and Credit Union Regulation	$ 4,683,968	$ 4,766,335	$ 4,658,873
Non-Depository	$ 10,943,547	$ 8,446,185	$ 7,599,346
Subtotal	*$ 15,627,515*	*$ 13,212,520*	*$ 12,258,219*
Foreclosure-Related Special Funds			
Mortgage Foreclosure Mediation	$ 8,205	$ 37,449	$ 45,427
Foreclosed Property Registry	$ 80,923	$ 298,116	$ 490,605
Subtotal	*$ 89,128*	*$ 335,565*	*$ 536,031*
General Funds			
Licensing Fees	$ 0	$ 0	$ 0
Fines & Penalties	$ 152,946	$ 91,660	$ 216,637
Miscellaneous	$ 150	$ 950	$ 0
Subtotal	*$ 153,096*	*$ 92,610*	*$ 216,637*
Total Revenue	**$15,869,739**	**$13,640,695**	**$13,010,887**

EXPENDITURES	FY 2021	FY 2020	FY 2019
Salaries and Benefits	$ 8,259,770	$ 7,986,585	$ 7,596,775
Technical and Special Fees	$ 827,312	$ 660,040	$ 421,284
Communication	$ 37,779	$ 68,605	$ 84,653
Travel/Training	$ 12,605	$ 242,008	$ 296,326
Lease Expense, Parking Facilities	$ 75,445	$ 73,917	$ 38,614
Contractual Services	$ 281,746	$ 443,871	$ 729,536
Supplies and Materials	$ 24,148	$ 24,714	$ 40,664
Equipment	$ 114,358	$ 15,086	$ 90,230
Fixed Charges, Rent	$ 361,691	$ 381,676	$ 344,545
Administrative Expenses	$ 1,344,046	$ 1,462,457	$ 1,251,806
Total Expenditures	**$ 11,338,901**	**$ 11,358,957**	**$ 10,894,432**
Net Revenue for Fiscal Year	**$ 4,530,839**	**$ 2,281,738**	**$ 2,116,455**

FS 2. Revenues and Expenditures – General Fund

Fiscal Years Ended June 30th

REVENUE	FY 2021	FY 2020	FY 2019
Non-Depository Licensing Fees	$ 0	$ 0	$ 0
Fines & Penalties *	$ 152,946	$ 91,660	$ 216,637
Miscellaneous	$ 150	$ 950	$ 0
Total Revenue	**$ 153,096**	**$ 92,610**	**$ 216,637**
* All Fines & Penalties from all Programs are paid into the State's General Fund.			
EXPENDITURES	**FY 2021**	**FY 2020**	**FY 2019**
Salaries and Benefits	$ 0	$ 0	$ 0
Technical and Special Fees	$ 130,946	$ 57,750	$ 0
Communication	$ 0	$ 1	$ 0
Travel/Training	$ 0	$ 0	$ 0
Contractual Services	$ 0	$ 0	$ 0
Supplies and Materials	$ 0	$ 0	$ 0
Equipment	$ 2,748	$ 1,758	$ 0
Total Expenditures	**$ 133,694**	**$ 59,509**	**$ 0**
Net Revenue for Fiscal Year	**$ 19,402**	**$ 33,101**	**$ 216,637**

FS 3. Revenues and Expenditures –
Bank, Credit Union and Non-Depository Trust Company Special Fund
Fiscal Years Ended June 30th

REVENUE	FY 2021	FY 2020	FY 2019
Bank & Credit Union Assessments	$ 4,465,959	$ 4,526,001	$ 4,446,806
Non-Depository Trust Company Assessments	$ 200,489	$ 196,414	$ 184,647
Depository Amendment and Filing Fees	$ 17,520	$ 43,920	$ 27,420
Miscellaneous Income/Other	$ 0	$ 0	$ 0
Total Revenue	**$ 4,683,968**	**$ 4,766,335**	**$ 4,658,873**
EXPENDITURES	**FY 2021**	**FY 2020**	**FY 2019**
Salaries and Benefits	$ 2,257,087	$ 2,207,476	$ 2,075,912
Technical and Special Fees	$ 371,009	$ 337,326	$ 307,676
Communication	$ 11,313	$ 15,835	$ 21,127
Travel/Training	$ 10,054	$ 182,400	$ 212,470
Lease Expense, Parking Facilities	$ 7,884	$ 7,917	$ 898
Contractual Services	$ 5,053	$ 4,839	$ 5,202
Supplies and Materials	$ 12,083	$ 9,270	$ 13,270
Equipment	$ 64,904	$ 358	$ 2,480
Fixed Charges, Rent	$ 135,764	$ 150,534	$ 128,021
Administrative Expenses	$ 359,844	$ 423,776	$ 329,605
Total Expenditures	**$ 3,234,995**	**$ 3,339,731**	**$ 3,096,659**
Net Revenue for Fiscal Year	**$1,448,973**	**$1,426,604**	**$ 1,562,214**
Special Fund Balance Carried Forward	**$8,575,405**	**$7,126,432**	**$ 5,699,828**

FS 4. Revenues and Expenditures – Non-Depository Special Fund

Fiscal Years Ended June 30th

REVENUE	FY 2021	FY 2020	FY 2019
Non-Depository License Fees	$ 10,393,066	$ 8,065,332	$ 7,364,013
Non-Depository Examination Fees	$ 286,657	$ 298,852	$ 261,518
Miscellaneous Income/Other	$ 263,824	$ 82,001	$ (26,185)
Total Revenue	**$ 10,943,547**	**$ 8,446,185**	**$ 7,599,346**
EXPENDITURES	**FY 2021**	**FY 2020**	**FY 2019**
Salaries and Benefits	$ 5,919,097	$ 5,578,908	$ 5,299,774
Technical and Special Fees	$ 325,357	$ 264,964	$ 113,608
Communication	$ 25,472	$ 32,018	$ 39,381
Travel/Training	$ 2,551	$ 57,592	$ 81,992
Lease Expense, Parking Facilities	$ 65,238	$ 63,607	$ 35,920
Contractual Services	$ 21,012	$ 112,555	$ 260,226
Supplies and Materials	$ 12,065	$ 15,444	$ 23,424
Equipment	$ 45,616	$ 12,970	$ 87,750
Fixed Charges, Rent	$ 225,927	$ 231,142	$ 216,524
Administrative Expenses	$ 879,606	$ 889,801	$ 789,434
Total Expenditures	**$ 7,521,940**	**$ 7,259,001**	**$ 6,948,032**
Net Revenue for Fiscal Year	**$ 3,421,607**	**$ 1,187,184**	**$ 651,314**
Special Fund Balance Carried Forward	**$14,902,709**	**$ 11,481,102**	**$10,293,918**

FS 5. Revenues and Expenditures – Mortgage Foreclosure Mediation Special Fund

Fiscal Years Ended June 30th

REVENUE	FY 2021	FY 2020	FY 2019
Miscellaneous Income/Other (Reimbursed)	$ 8,205	$ 37,449	$ 45,427
Accrued revenue	$ 0	$ 0	$ 0
Total Revenue	**$ 8,205**	**$ 37,449**	**$ 45,427**
EXPENDITURES	**FY 2021**	**FY 2020**	**FY 2019**
Communication	$ 0	$ 20,197	$ 22,980
Contractual Services	$ 0	$ 3,250	$ 0
Supplies and Materials	$ 0	$ 0	$ 3,770
Administrative Expenses	$ 0	$ 7,670	$ 5,585
Total Expenditures	$ 0	**$ 31,116**	**$ 32,335**
Net Revenue for Fiscal Year	**$ 8,205**	**$ 6,333**	**$ 13,091**
Special Fund Balance Carried Forward	**$ 0**	**$ (8,205)**	**$(14,538)**

FS 6. Revenues and Expenditures – Foreclosed Property Registry Special Fund

Fiscal Years Ended June 30th

REVENUE	FY 2021	FY 2020	FY 2019
Foreclosure Registrations	$ 76,250	$ 271,400	$ 450,800
Miscellaneous Income/Other	$ 4,673	$ 26,716	$ 39,805
Total Revenue	**$ 80,923**	**$ 298,116**	**$ 490,605**
EXPENDITURES	**FY 2021**	**FY 2020**	**FY 2019**
Salaries and Benefits	$ 83,586	$ 200,201	$ 221,089
Special and Technical	$ 0	$ 0	$ 0
Communication	$ 994	$ 553	$ 1,165
Travel/Training	$ 0	$ 2,016	$ 1,864
Lease Expense, Parking Facilities	$ 2,323	$ 2,393	$ 1,796
Contractual Services	$ 255,681	$ 323,226	$ 464,109
Supplies and Materials	$ 0	$ 0	$ 200
Equipment	$ 1,090	$ 0	$ 0
Fixed Charges, Rent	$ 0	$ 0	$ 0
Administrative Expenses	$ 104,596	$ 141,211	$ 127,182
Total Expenditures	**$ 448,271**	**$ 669,600**	**$ 817,405**
Net Revenue for Fiscal Year	**($367,348)**	**($371,484)**	**($326,800)**
Special Fund Balance Carried Forward	**$ 1,234,243**	**$1,601,591**	**$1,973,075**

Financial Statements: Notes of Explanation

General Comment:

Most of the significant changes in financial performance of the Office's various programs are COVID-related. As noted throughout this Annual Report, COVID and the resulting stay-at-home order reduced many operating expenses (notably travel and training expenses) while increasing equipment expenses as staff required additional equipment to work from home effectively and efficiently. Revenue from the Office's Foreclosure-Related programs was adversely impacted due to payment forbearance programs and a moratorium on foreclosure-related evictions, thus negating the need to report and track such activities.

1. **Summary of All Office Revenues and Expenditures**

   a) **Foreclosure-Related Special Funds:**

   Revenue from both Mortgage Foreclosure Mediation and Foreclosed Property Registry activities showed a noticeable decline in FY 2020, and dramatic declines in FY 2021, reflecting COVID-related consumer protections. Mortgage borrowers with federally-backed mortgages were eligible for a temporary suspension of payments (forbearance), in addition to a moratorium on foreclosure-related evictions. The substantial decline in Mortgage Foreclosure Mediation in FY 2021 further reflects the fact that the program, which had been funded by the Maryland Department of Housing and Community Development, was absorbed by the Foreclosed Property Registry in FY 2021.

   b) **Travel/Training:**

   As noted, travel and training expenses dropped precipitously as staff stopped traveling and training pivoted to virtual methods.

   c) **Lease Expense, Parking Facilities:**

   Parking expenses virtually doubled between FY 2019 and FY 2020 reflecting the loss of free parking in the building for senior staff.

   d) **Equipment:**

   Equipment expenditures increased dramatically in FY 2021 due to the replacement of laptops for 18 Depository Supervision Examiners. Examinations of federally insured depository institutions are performed jointly by state and federal examiners. To remain compliant with federal technology requirements, and the state's accreditation as it pertains to technology issues, laptops and related equipment are required to be updated every three years. In addition, several laptop computers and peripheral equipment were purchased in FY 2021 to equip teleworking employees.

2. **Summary of Revenues and Expenditures – General Fund**

   a) **Technical and Special Fees:**

   General Fund Technical and Special Fees increased from $57,750 in FY 2020 to $130,946 in FY 2021 reflecting the creation of two senior level Non-Depository Examiners in OCFR's Enforcement Unit. The salaries and other employment costs of these two examiners are funded through the State's General Fund. The positions were created to comply with the Financial Consumer Protection Act of 2018 passed by the Legislature in its 2018 Session.

3. **Summary of Revenues and Expenditures – Non-Depository Special Fund**

   a) **Miscellaneous Income/Other:**

   Miscellaneous Income/Other revenue increased significantly in FY 2021 reflecting the Enforcement Unit's receipt of reimbursement of expenses related to its participation in a multi-year, multi-state enforcement action.

   b) **Contractual Services:**

   Contractual Services expenditures declined significantly in FY 2021 reflecting the conversion of temporary employees in the Licensing Unit in FY 2020, and a sharp decline in OCFR's banking fees in FY 2021.

Historical Lists of Commissioners and Deputy Commissioners

Commissioners

As of June 30, 2021

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, 2021

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.