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## Senate Bill 281

Date: January 14, 2021  
Committee: Senate Finance Committee  
Bill Title: Financial Institutions – Commissioner of Financial Regulation – OCFR Sunset Extension  
Re: **Letter of Support**

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As provided in the Maryland Program Evaluation Act (or “Sunset Law”), SB 281 extends operations of the Office of the Commissioner of Financial Regulation (OCFR) to July 1, 2032. For the past 110 years, the OCFR has been protecting Maryland consumers and working with industry representatives with the longstanding goal of maintaining the health of Maryland’s financial services industry.

Today, more than ever, Maryland has a continuing need for a state-level regulator of financial services such as the OCFR. Maryland benefits from having strong, well-managed and regulated local financial institutions such as banks, credit unions and trust companies, and the state needs a specialized regulatory agency to oversee their activities particularly as financial institutions continue to grow (Note: Maryland saw its first bank reach over \$10 billion in total assets this year). To that end, OCFR, an accredited depository supervisory agency, is the state-level agency that oversees the creation and supervision of such entities. Similarly, the State needs a specialized financial services regulator that can oversee and supervise, on behalf of the State of Maryland, non-depository financial entities such as mortgage companies, mortgage servicing companies, consumer lenders, debt collectors, and money transmitters. OCFR is the accredited, state level agency that carries out those functions.

In both of those realms, the OCFR has made significant contributions to protecting the State’s consumers and financial system. For example, during the saving and loan crisis of the 1980’s and the mortgage crisis of the 2000’s, the OCFR was responsible for taking actions that protected Maryland consumers and helped the State navigate through the crises. The OCFR gained experience, expertise, and additional powers as a result of both crises and has built upon those experiences to become an active and respected State financial regulator.

Recent accomplishments of the OCFR:

Legislative and Regulatory Affairs: Over the years, OCFR has supported and helped craft legislation focused on enhancing financial consumer protections in the State. OCFR has sponsored legislation including, but not limited to: supervision of certain debt purchasers; updating Maryland’s foreclosure laws (i.e., notice of intent to foreclose requirements, mediation standards, and creation of the foreclosed property registry), combating mortgage-related fraud; comprehensive supervision of payday lending activity, and enhancing supervision of credit reporting agencies. Recently, the OCFR put forth various legislative and regulatory initiatives addressing banking laws, money transmission, consumer protections relating to mobile home sales, mortgage lending, consumer loans, and credit reporting agencies.

Depository Supervision: OCFR continues to successfully supervise over 35 depository financial institutions that collectively had over \$48.5 billion in assets.

Non-Depository Supervision: At the conclusion of FY 2020, OCFR supervised more than 14,000 licensed

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individuals and 6,000 licensed or registered business operations that provide non-depository financial services to Marylanders. Over the last five fiscal years, OCFR completed more than 1,200 examinations of licensed entities, which led to more than \$1.7 million in restitution and fines.

Non-Depository Institution Licensing: At the conclusion of FY 2020, OCFR was responsible for 18,867 active licenses, an increase of approximately 12% from the prior year and the Licensing Unit obtained \$2,496,844 in restitution for Maryland consumers and imposed \$25,660 in civil monetary penalties against unlicensed entities.

Consumer Services: Over the last five fiscal years, OCFR's Consumer Services Unit fielded over 5,220 consumer complaints, and was responsible for recovering over \$650,000 for Maryland consumers.

Outreach: Over the last five fiscal years, OCFR's officers participated in over 130 outreach events including stakeholder meetings, reflecting the Agency's continued efforts to enhance and expand its engagement with all stakeholders. In that time, OCFR also sent more than 330,000 informational letters to consumers who faced the threat of foreclosure. These informational packets include an explanation of the foreclosure process, tips for communicating with lenders, avoiding scammers, and contact information for nonprofit resources and the Office.

Enforcement: Over the last five fiscal years, OCFR's Enforcement Unit initiated 234 new investigations, and was involved with 62 enforcement actions, including entering into a multi-state consent order with one of the largest mortgage servicer resulting in tens of millions of dollars of restitution for consumers around the country and completing another multi-year investigation into one of the largest debt purchasers operating throughout the United States, which resulted in a Consent Order and Settlement Agreement that establishes standards for their collection activities and provides for ongoing oversight. These efforts resulted in restitution and consumer refunds of more than \$23.2 million, and civil penalties totaling more than \$8.5 million.

Student Loan Ombudsman: The Student Loan Ombudsman is located in the OCFR and is appointed by the Commissioner. Maryland's Ombudsman has ramped up efforts since his initial appointment in 2018, and in FY 2020 published the "Student Loan Educational Toolkit" to provide guidance and other educational information to Maryland student loan borrowers.

Accountability to the Legislature: The OCFR continues to maintain transparency and work in cooperation with the Legislature for its legislative, regulatory, and other operational initiatives. Recently, the OCFR has reported to, briefed, or otherwise worked alongside: the Joint Audit and Evaluation Committee; the House Subcommittee on Banking, Consumer Protection, and Commercial Law; the Maryland Office of Legislative Audits; the Senate Finance Committee; and the House Economic Matters Committee.

The OCFR successfully met its mandates over the sunset period, and continues its mission of protecting Marylanders and serving their interests in an administratively efficient and cost effective way. The Department remains firmly committed to ensuring that Maryland has a safe, sound, and competitive financial services system.

**For these reasons, the Department respectfully requests a favorable report from the Committee on Senate Bill 281.**

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