

# **GR 21 - SB 281 - MBA Written Testimony - Support-**

Uploaded by: Butts, Andryana

Position: FAV



## **SB 281 - Financial Institutions – Commissioner of Financial Regulation - OCFR Sunset Extension**

**Senate Finance Committee**

**January 14, 2021**

### **Support**

The Maryland Bankers Association represents FDIC-insured community, regional and nationwide banks that employ more than 26,000 Marylanders and hold more than \$182 billion in deposits in over 1,400 branches across our State. The Maryland banking industry serves about 6 million customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking and more.

In addition to the federal regulators including the FDIC, OCC and Federal Reserve, Maryland banks are regulated by the Maryland Office of Financial Regulation. SB 281 extends operations of the Office of the Commissioner of Financial Regulation (OCFR) to July 1, 2032. MBA supports this legislation.

As the state-level regulator, OCFR has a unique and important role in helping to assure a safe and sound Maryland financial service industry. Maryland consumers, businesses, and banks, credit unions and trust companies benefit from the oversight and services provided by the OCFR. In addition to the regulatory, supervisory and examination functions of the OCFR, the office is also a partner to the State and industry on a number of critical issues. For example, MBA and our members have been in close and regular contact with the OCFR on developments related to the pandemic, such as continuity of banking services, modified banking services to help assure the health and safety of employees and customers, the Governor's Executive Order on foreclosures and forbearance, etc.

The OCFR has reliability and consistently met its mandates over the sunset period. MBA supports SB 281 that enables OCFR to continue its mission of protecting and serving Marylanders and ensuring that Maryland has a safe, sound, and competitive financial services system.

The Maryland Banker Association urges the Committee to give SB 281 a favorable report.

# **Commissioner Support Letter - Jan 2021 - Final.pdf**

Uploaded by: Fulginiti, Andrew

Position: FAV

January 14, 2021

The Honorable Delores G. Kelley, Chair  
The Honorable Brian J. Feldman, Vice Chair  
Senate Finance Committee  
3 East Miller Senate Office Building  
Annapolis, MD 21401

Dear Chair Kelley and Vice-Chair Feldman:

The Maryland Program Evaluation Act gives the General Assembly the opportunity to review the activities of the Office of the Commissioner of Financial Regulation (the "OCFR") and of the Maryland State Collection Agency Licensing Board ("MCALB") to determine whether these programs have operated in a manner that gives citizens confidence in the government and promotes the health of the State's economy. We are all former Commissioners who believe that the continued operation of the OCFR and MCALB is in the public interest and we urge the Committee and General Assembly to pass SB206 and SB281 and reauthorize their missions for another ten years.

Today, more than ever, Maryland has a continuing need for a state-level regulator of financial services such as the OCFR and its constituent MCALB. Maryland benefits from having strong, well 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 these financial institutions continue to grow and diversify (Note: Maryland saw its first bank reach over \$10 billion in assets last year). 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 lending and servicing companies, consumer lenders, debt collectors, credit reporting agencies, and money transmitters. OCFR is the accredited, state level agency that carries out those functions. MCALB, which meets regularly, informs both licensees and the public about abusive debt collection practices and continues to actively work for the good of all Marylanders as it supervises the licensing of collection agencies, investigates accusations of wrongful conduct, and seeks to appropriately regulate the collection industry. It is vitally important to the proper functioning of the State's economy that such regulatory and supervisory activities continue and that they be carried out by a specialized state agency such as the OCFR.

Over the past decade, the State's financial system and consumers faced a number of significant challenges including those stemming from the great recession and related foreclosure crisis, inconsistent federal regulation, and technological growth and change. In each instance, the OCFR and MCALB worked with the General Assembly, the Office of the Attorney General, and other state and federal regulators, to bring about changes that resulted in strengthened consumer protections and a well-functioning financial services industry within the State. The OCFR gained experience, expertise, and enhanced authority over that time and it built upon those experiences to become an active and respected State financial regulator.

Today, thanks to the support of the General Assembly and the cumulative work of successive Commissioners, the OCFR and MCALB are active participants, and in many circumstances leaders, in a nationwide state regulatory networked supervisory system. That system gives the OCFR and MCALB access to sophisticated technology such as the NMLS licensing system and SES examination system and allows them to leverage their resources so they operate efficiently and benefit the States' consumers and economy. The results can be seen in their participation in coordinated licensing and examination activities of the nation's largest financial service providers and significant joint enforcement actions.

Overall, the OCFR and MCALB have efficiently and successfully met their mandates over the sunset period and their missions should be continued. We urge the Committee and the General Assembly to pass SB206 and SB281 to extend their termination dates to July 1, 2032.

Respectfully,

Gordon M. Cooley, Esq.

Mark A. Kaufman

Sarah Bloom Raskin, Esq.

Mary Louise Preis, Esq.

Henry R. Hergenroeder, Jr.

**LETTER OF SUPPORT\_ Financial Institutions – Commis**

Uploaded by: Fulginiti, Andrew

Position: FAV

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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.**

Andrew Fulginiti, Legislative Director - Andrew.Fulginiti@maryland.gov



# **MDDCCUA Testimony - 2021 - SB 281- Office of the C**

Uploaded by: Murray, Rory

Position: FAV



MD|DC  
Credit Union Association

Chairwoman Delores Kelley  
3 East  
Miller Senate Office Building  
Annapolis, MD 21401

**SB 281:** Office of the Commissioner of Financial Regulation - Sunset Extension  
**Testimony on Behalf of:** MD|DC Credit Union Association  
**Position:** Favorable

Chairwoman Kelley, Vice-Chair Feldman, and members of the committee,

On behalf of the MD|DC Credit Union Association and the 84 Credit Unions and their 2.2 million members that we represent in the State of Maryland, we appreciate the opportunity to testify on this legislation. Credit Unions are member-owned, not-for-profit financial cooperatives whose mission is to promote thrift and provide access to credit for provident and productive purposes for our members. We respectfully support this bill.

Credit unions have the option to be federally or state-chartered. One of the most commonly stated benefits of choosing a state over a federal charter is that state-chartered credit unions tend to have a much more in-depth working relationship with the state regulator than what could be possible with the National Credit Union Administration (NCUA). The NCUA oversees over 5000 credit unions, while The Office of the Commissioner of Financial Regulation oversees seven state-chartered credit unions. The Office of the Commissioner of Financial Regulation is an independent regulatory agency that serves as the primary regulator for the seven state-chartered credit unions in Maryland, and whose responsibility is to oversee and ensure a safe and sound operating environment. Their office is a benefit to credit unions, their members and the State of Maryland.

As always, we appreciate the ability to have our voices heard and look forward to a continued partnership. Please reach out to me at [jbratsakis@mddccua.org](mailto:jbratsakis@mddccua.org) or our VP of Advocacy, Rory Murray, at [rmurray@mddccua.org](mailto:rmurray@mddccua.org) with comments or questions.

Thank you!

Sincerely,

John Bratsakis  
President/CEO  
MD|DC Credit Union Association