

MAINE STATE LEGISLATURE

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Memorandum

To: Senator Peter Bowman, Chair
Representative Sharon Treat, Chair
Joint Standing Committee on Insurance and Financial Services

From: William N. Lund, Superintendent
Bureau of Consumer Credit Protection

Re: Quarterly Foreclosure Report – PL 402

Date: September 23, 2009

PL Chapter 402 (LD 1418), “An Act to Preserve Home Ownership by Preventing Unnecessary Foreclosures,” requires the Bureau of Consumer Credit Protection to report to the Insurance and Financial Services Committee on a quarterly basis regarding implementation and results of the Bureau’s foreclosure prevention program. Below are details of the agency’s foreclosure prevention efforts during the first 90 days of the program, from June 15, 2009 to September 15, 2009:

- 1) The bureau established a new toll-free consumer foreclosure prevention hotline, 1-888-664-2569 (1-888-NO-4-CLŌZ). More than 300 Maine consumers have called the new hotline in order to obtain assistance and advice on dealing with mortgage default.
- 2) To accommodate lender reporting, the Bureau established an e-mail account (lender.reporting@maine.gov), and also established electronic lender reporting through the Bureau’s website at www.Credit.Maine.gov. Lenders are required under the new law to provide the Bureau with the names and addresses of consumers who are in default, so staff can mail information to the consumers about the availability of housing counseling.
- 3) The Bureau developed an informational packet (attached as Exhibit 1) containing foreclosure prevention resources that is mailed to consumers who are delinquent in their mortgage payments. The packet includes a list of currently-approved HUD counselors; a description of the upcoming court-supervised mediation services;

legal resources and options; a description of the foreclosure process; a sample hardship letter that consumers can use to write to their mortgage lender or servicer; and a list of registered Maine Debt Management Service Providers.

- 4) The Bureau drafted a single-page legal document for consumers to use to respond to a foreclosure action filed against them (see Exhibit 2). The form also serves as a request for court-sponsored mediation. The one-page document must be provided to consumers by lenders when the lenders serve the consumers with foreclosure papers.
- 5) The Bureau contracted with Maine State Housing to make available four trained housing counselors to assist the Bureau with the unexpectedly-large number of consumer cases. These counselors are trained to provide individual assistance, as well as referral information, to consumers. Two of the counselors work at the Bureau offices one day each week, while the other two work from their home offices and take referrals from Bureau staff.
- 6) Staff worked with Maine State Housing to post links to the Bureau and its foreclosure prevention resources on MSHA's website.
- 7) As the program began, the Bureau drafted and issued a press release detailing the new law (see Exhibit 3), and listing resources available to consumers to address their mortgage delinquencies and remain in their homes.
- 8) Since the program began on June 15, 2009, mortgage lenders have notified the Bureau of more than 3,000 consumer defaults. As a result of these calls and other referrals, the agency has mailed 3,156 resource packages to Maine consumers.
- 9) Staff has spent 415 hours on this project. That time has been used building the database, downloading data each day, importing lender files, and preparing the mailings to consumers.
- 10) That time has also been used directly assisting consumers who have called the new foreclosure prevention hotline (1-888-NO-4-CLÖZ), or who have filed on-line complaint forms or mailed written complaints to the Bureau.
- 11) The results so far have been very gratifying for the staffers who are responding to consumers' requests for assistance. The Bureau has succeeded in convincing lenders to postpone or cancel 8 foreclosure auctions; to rescind one auction that had already been held; and to modify more than 20 mortgage loan contracts to include new terms designed to be reasonably attainable by the consumers.

- 12) The following companies have reported Maine mortgage delinquencies to the Bureau:

21 st Mortgage Corp	Franklin Somerset FCU
915 Greenwich Wholesale line	Freddie Mac
Atlantic Regional FCU	Gardiner FCU
Aurora	GMAC
Babson Capital Mgmt, LLC	Habitat for Humanity, York County
Bank One, NA	Home Loan Investment Bank, FSB
Bayview	Homecomings Financial
Beneficial	Household Finance Corp
Biddeford Savings Bank	HSBC
Border Trust Co	Hudson City Savings Bank
Carval	Indymac
Cenlar FSB	JP Morgan Acquisition Corp
Central Mortgage Company	JP Morgan Chase
Chase Home	Katahdin FCU
Chevy Chase FSB	Kennebec Savings Bank
Citi Mortgage	KSW FCU
Countrywide Home Loans	LaSalle Bank
Cuso Mortgage	Lehman Bank
Damariscotta Bank and Trust	M&T Bank
Deutsche Bank	M. James & Company
Down East Credit Union	Maine Highlands FCU
Drawbridge FCDB	Maine Savings FCU
EMC Mortgage	Massachusetts Mutual Life Ins. Co
Fannie Mae	Midcoast FCU
FDBD SNPWL Trust	Midfirst Bank
FCI Lender Services	Monmouth FCU
Federal Home Loan Bank of Chicago	Mortgage Asset Securitization Transactions
Federal Home Loan Mtg Co	Nationstar Mortgage
FHA	New Dimension FCU
FHLB c/o WFB Master Servicing	Newcastle Mortgage
First Federal Savings and Loan	Oceans Community FCU
Five County Credit Union	Ocwen Loan Servicing
FNGT	OneWest Bank, FSB
FNMA T Deal	PennyMac Loan Services
	PMSR Security Charges
	Quantum Servicing
	Rainbow FCU

- 12) (Continued) *The following companies have reported Maine mortgage delinquencies to the Bureau:*

SunTrust Mortgage, Inc	The Huntington National Bank
TD Bank North	US Bank National Assoc
T&M Mortgage	UBS
The Bank of New York	UBS Real Estate Securities Inc
Trustee Countrywide	US Bank Wachovia Bank
The Bank of New York	Wells Fargo Financial
Mellon	Wells Fargo Home Mortgage
The First	Wilshire Credit Corporation
	Winthrop Area Federal Credit Union

- 13) Lenders that have completed the “county” category (disclosing the location of the defaulting consumers) report that default notices have been sent to residents of Maine counties in the following numbers:

Cumberland: 580 consumers	Waldo: 114
York: 563	Hancock: 97
Penobscot: 322	Aroostook 91
Kennebec: 280	Somerset: 82
Androscoggin: 255	Knox: 73
Sagadahoc: 216	Franklin: 52
Oxford: 148	Piscataquis: 44
Lincoln: 118	Washington: 44

- 14) Staff is working proactively with lenders to improve and streamline the reporting process. On occasion more than 300 consumer names have been reported to the Bureau in a single day (see photos of several single-day mailings prepared by staff, attached as Exhibit 4). Some lenders or servicers have been late in reporting to the Bureau, or have reported using incomplete data. Once a jurisdictional loophole in the original law is addressed (see #15, below), the agency’s ability to hold all lenders accountable for compliant reporting will be clarified.
- 15) The Bureau is working with the sponsors of LD 1418 and with the Committee Analyst to support an amendment to the law which will clarify that the statute applies to all mortgage foreclosures initiated in Maine, regardless of the terms of the original mortgage note or contract. That amendment will increase the number of consumer names being reported.

- 16) The new law directs the Bureau to create an “office specialist” position to operate the program, receive the daily lender reports, mail the informational packets, and work with MSHA and other counselors to provide effective referrals. The Bureau has completed and submitted the necessary paperwork to establish that position. To assist until that position is created and filled; the Bureau will continue to use its own staff and will also arrange for temporary clerical assistance.
- 17) The funding mechanism for the new program is functioning as designed, with approximately \$18,000 per month derived from the new transfer tax process. A portion of those funds has been utilized in the start-up expenses of the program, including computer programming and installation of the hotline, as well as for ongoing expenses of the program such as copying, postage and other direct costs. The Bureau is monitoring the fund carefully to be able to project for the Committee the expenses and revenue trends into calendar year 2010.
- 18) The next few months will see additional improvements in the system. Electronic reporting will be utilized by more large lenders now that the website has been made secure and now that the program has been set up to require completion of certain mandatory reporting fields. However, electronic filing still requires manual data transfers, as information is edited from its reporting format (Excel) and imported into the mail label-generating program. The Access database is used to track and run reports on the number of filings received, including the sorting by county.
- 19) The Bureau will work with RealtyTrak and other foreclosure reporting services to determine the most recent foreclosure trends in Maine, and staff will update the Committee as soon as that information is obtained.

The Bureau wishes to thank the Committee for its ongoing support as the implementation process continues for this important program.

Attachments