

MAINE STATE LEGISLATURE

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**TO: Joint Standing Committee on Insurance and Financial Services
Joint Standing Committee on Appropriations Joint Standing
Committee on the Judiciary**

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

**Re: Eighteenth Periodic Report on the Bureau's Foreclosure Diversion
Program**

Date: August 26, 2014

Introduction

Title 14 M.R.S. § 6111 requires mortgage lenders and/or servicers to provide a “notice of right to cure” to any homeowner in default prior to commencing a foreclosure action in court. The section further requires the lender and/or servicer to notify the Bureau of Consumer Credit Protection of each homeowner’s name and address, so the Bureau can mail an informational letter to the homeowner, advising the homeowner of the availability of state resources to assist them with the pre-foreclosure and foreclosure process.

Title 14 M.R.S. § 6111(3-B) requires the Bureau to draft a quarterly report to the Insurance and Financial Services (I&FS) Committee on the number of default notices sent to Maine residents. The report must include information on foreclosures filed by state-chartered banks, using information provided by the state’s Bureau of Financial Institutions, as well as information on what types of creditors are initiating foreclosures (e.g., national banks, non-bank mortgage companies; investment trusts).

In addition, Title 14 M.R.S. § 6112(5) requires reporting every 6 months on the financial aspects of operation of the Bureau’s foreclosure hotline and counselor referral program, both to the I&FS Committee and to the Appropriations Committee.

This combined report has been prepared to comply with both of the above provisions of Title 14. Because the Committee on Judiciary was also asked last session to consider various legislation affecting the Bureau’s foreclosure program, the Bureau has also addressed this report to that committee.

NOTICES RECEIVED

During the quarterly period April 1, 2014 through June 30, 2014, the Bureau mailed a total of 9,322 informational letters to homeowners who received notices of default and right to cure from

their mortgage lenders. This represented an approximate 10% decrease from the same period in 2013, when the Bureau mailed 10,345 such letters.

The following chart illustrates the numbers of mailings by county for the quarter. York and Cumberland Counties continue to show the most mortgage default activity.

County	Apr-14	May-14	Jun-14	Total
Androscoggin	279	248	263	790
Aroostook	125	143	139	407
Cumberland	614	601	528	1743
Franklin	54	76	62	192
Hancock	91	87	89	267
Kennebec	333	361	335	1029
Knox	102	88	118	308
Lincoln	100	139	120	359
Oxford	146	162	166	474
Penobscot	297	272	273	842
Piscataquis	59	35	55	149
Sagadahoc	106	140	122	368
Somerset	121	108	115	344
Waldo	81	110	67	258
Washington	88	78	74	240
York	540	479	533	1552
Total:	3136	3127	3059	9,322

The following compilation shows the number of letters sent to homeowners per month since the inception of the program in June of 2009.

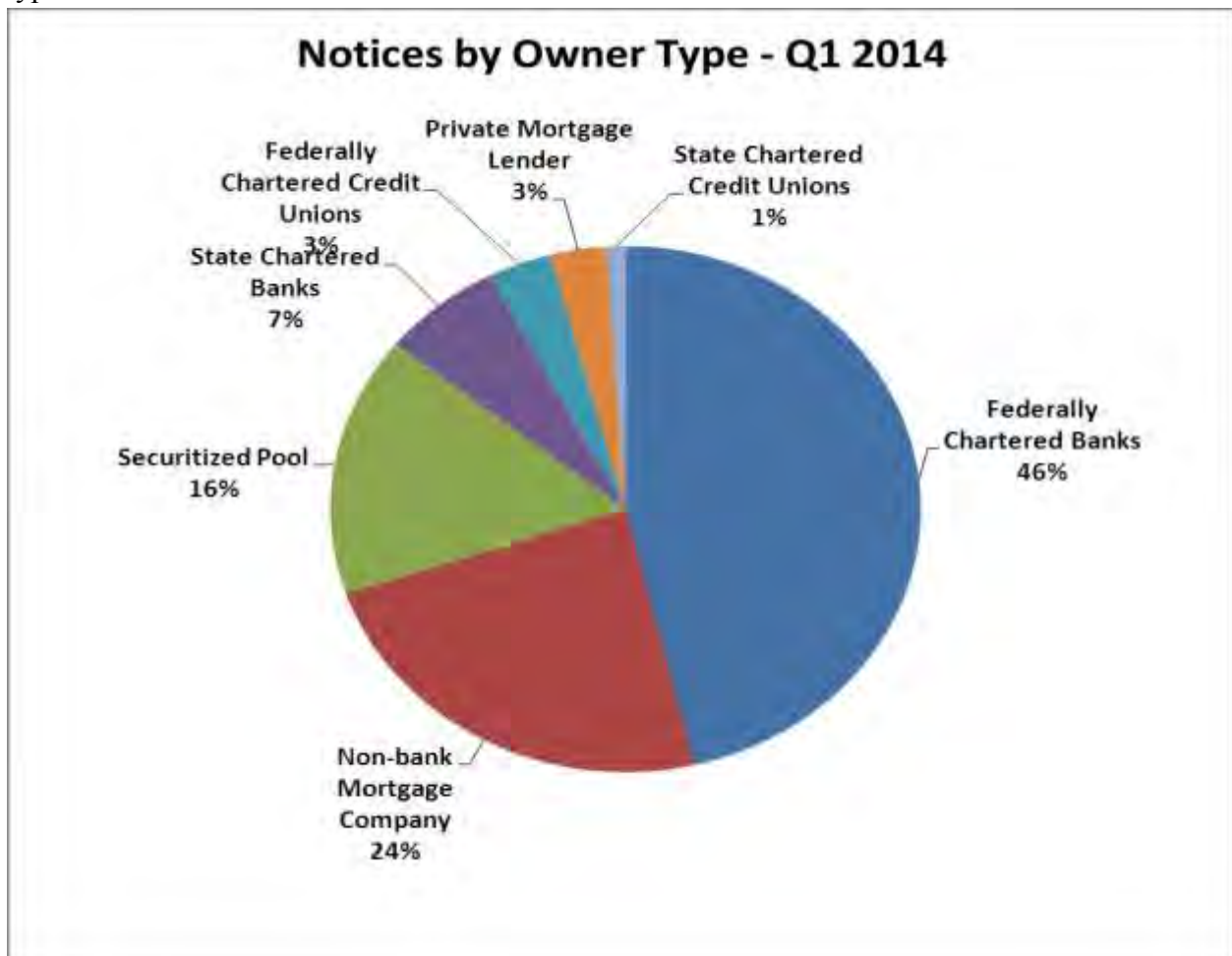
Year	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
2009						56	1086	1110	1468	1118	2269	1553
2010	1733	2110	2545	3145	2534	3198	3764	3336	3479	3717	4264	5739
2011	4507	4081	4157	3026	2821	3108	2826	3016	2478	2557	3179	3086
2012	3099	3142	3117	2957	3021	3165	3339	3340	3120	3361	3777	3115
2013	4191	3739	3053	3063	3816	3466	4310	4141	3818	3939	3119	3322
2014	4146	3359	2927	3146	3146	3149						

TYPES OF LENDERS FILING FORECLOSURES

The following chart lists the types of lenders reporting foreclosure notices with the Bureau, and the numbers of such filings.

Type	Apr-14	May-14	Jun-14
Federally-Chartered Banks	1445	1486	1413
Non-bank Mortgage Companies	791	880	760
Securitized Pools	441	423	501
State-Chartered Banks	204	171	202
Private Mortgage Lenders	111	89	75
Federally-Chartered Credit Unions	127	64	74
State-Chartered Credit Unions	17	14	34
Total:	3136	3127	3059

The following chart shows the percentages of notices by lender type:



FORECLOSURE ACTIONS FILED IN COURT

The chart on the following pages shows the number and distribution of foreclosure cases filed in court statewide during the first 6 months of calendar year 2014. Overall, 1,145 foreclosure cases were filed in the second quarter of 2014, a minor decrease compared with the 1,211 cases filed in Maine courts during the same period in 2013.

Region/Court	1st Qtr Jan - Mar 2014	2nd Qtr Apr - Jun 2014	3rd Qtr Jul - Sep 2014	4th Qtr Oct - Dec 2014	CY 2014 TOTAL
STATEWIDE TOTAL	1136	1145			2281
Alfred Superior Court	40	31			71
York District Court	23	34			57
Biddeford District Court	51	56			107
Springvale District Court	82	74			156
Region 1 Subtotal	196	195	0	0	391
Portland Superior Court	67	131			198
Bridgton District Court	56	63			119
Portland District Court	50	0			50
Region 2 Subtotal	173	194	0	0	367
South Paris Superior Court	12	20			32
Auburn Superior Court	55	41			96
Farmington Superior Court	4	11			15
Lewiston District Court	77	77			154
Farmington District Court	20	16			36
Rumford District Court	14	35			49
Livermore Falls District Court	0	0			0
South Paris District Court	26	18			44
Region 3 Subtotal	208	218	0	0	426
Skowhegan Superior Court	5	2			7
Augusta Superior Court	16	8			24
Skowhegan District Court	46	39			85
Waterville District Court	40	33			73
Augusta District Court	65	54			119
Region 4 Subtotal	172	136	0	0	308
Dover Foxcroft Superior Court	5	2			7
Bangor Superior Court	41	24			65
Millinocket District Court	0	0			0

Region/Court	1st Qtr Jan - Mar 2014	2nd Qtr Apr - Jun 2014	3rd Qtr Jul - Sep 2014	4th Qtr Oct - Dec 2014	CY 2014 TOTAL
Dover Foxcroft District Court	23	19			42
Lincoln District Court	8	19			27
Newport District Court	26	28			54
Bangor District Court	64	59			123
Region 5 Subtotal	167	151	0	0	318
Wiscasset Superior Court	6	9			15
Bath Superior Court	8	7			15
Rockland Superior Court	5	8			13
Belfast Superior Court	9	7			16
Belfast District Court	28	23			51
Wiscasset District Court	19	16			35
West Bath District Court	34	45			79
Rockland District Court	25	27			52
Region 6 Subtotal	134	142	0	0	276
Machias Superior Court	7	4			11
Ellsworth Superior Court	4	12			16
Bar Harbor District Court	0	0			0
Machias District Court	7	10			17
Calais District Court	3	8			11
Ellsworth District Court	26	29			55
Region 7 Subtotal	47	63	0	0	110
Houlton Superior Court	4	6			10
Caribou Superior Court	16	24			40
Caribou District Court	8	8			16
Houlton District Court	5	8			13
Madawaska District Court	0	0			0
Fort Kent District Court	2	0			2
Presque Isle District Court	4	0			4
Region 8 Subtotal	39	46	0	0	85

STATE FINANCIAL INSTITUTION FILINGS v. OTHER LENDERS

For the first quarter of 2014, the Bureau of Financial Institutions reported 53 new foreclosure filings in court by the 31 state-chartered banks and credit unions which it regulates. The 53 filings represent approximately 4.6% of all new filings for that quarter. The second quarter of 2014 saw only a slight increase, as 60 new foreclosures were initiated by state-chartered banks during that 91-day period.

COUNSELING ACTIVITY

The Bureau performed intake services for 194 households in the 3-month period April, May and June of 2014, and assigned those homeowners to HUD-certified counselors. In their monthly reports to the Bureau, the counselors reported that 102 additional homeowners contacted those counselors directly as a result of the letters sent them by the Bureau. Also, 141 more homeowners began working with counselors as the result of referrals from other governmental agencies or offices. New cases taken on by counselors for the quarter, therefore, totaled 437.

Our counselors obtained results for homeowners for the last quarter which allowed 129 families to remain in their homes. Twenty-two homeowners were able to bring their mortgages current, 3 obtained refinances, 14 received forbearances or repayment agreements and 90 received loan modifications. In addition, counselors helped homeowners reach agreements for 10 deeds-in-lieu of foreclosure, 6 short sales and 5 sales of homes, expediting the process and ensuring that the homeowners could obtain a fresh start without the worry of a deficiency judgment.

PROGRAM REVENUES AND EXPENDITURES

In the 12 months ending June 30, 2014, the foreclosure counseling program received revenues of \$639,265.27 from payment of transfer tax pursuant to Title 14 M.R.S. § 6112 (4). The Bureau had budgeted for revenue from transfer tax in the amount of \$600,000. The program had expenses of \$1,029,926.67 versus budgeted expenses of \$1,121,437.00, using funds from multi-state settlements carried over in the account from previous years. At the end of fiscal year 2013-2014 on June 30, 2014 funds remaining in the Bureau's dedicated account for the program totaled \$896,219.73.

No financial orders were obtained in the last 6 months.

The Bureau has projected revenue from transfer tax to remain at \$600,000 for the 2014-2015 fiscal year. Housing counselor contracts have been reduced by 40% compared previous years, and have been finalized for the year at a total cost of \$555,000. Total budgeted expenditures for the current fiscal year are \$900,793.00, a reduction from the budgeted expenses for FY '14 of \$1,121,437 and the actual expenditures for the year of \$1,029,926.67.

INFORMATION FROM NATIONAL REPORTS

The foreclosure report issued by CoreLogic in June, 2014 reveals that across the country, the numbers of homes in foreclosure has dropped from about 1 million last year, to about 650,000 this year. However, here in Maine the recovery is substantially slower, according to CoreLogic, as Maine is fifth in the nation in “foreclosure inventory” as a percentage of all mortgaged homes. 2.7% of mortgaged homes in Maine are currently in lenders’ foreclosure inventory. Although that figure places Maine in 5th place, our state is not close to the others on the list such as Florida (5% of all homes are in the foreclosure inventory) and New Jersey (5.7%).

CONCLUSION

The number of notices of right to cure default received by Maine homeowners has decreased slightly during the past 12 months, but the number of civil foreclosure cases filed in our state’s courts has not changed significantly: 2,281 cases filed in the first half of 2014 compared to 2,312 in the same period in 2013. This rate of foreclosures filed in court (an average of about 18 new cases every weekday statewide) demonstrates a continued need for the services provided by the Bureau under Title 14 M.R.S. §§6111, 6112.