

MAINE STATE LEGISLATURE

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STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
AND FINANCIAL REGULATION
BUREAU OF CONSUMER CREDIT PROTECTION
35 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0035

Paul R. LePage
Governor

William N. Lund
Superintendent

MEMORANDUM

**TO: Joint Standing Committee on Insurance and Financial Services
Senator Rodney Whittemore, Chair
Representative Henry Beck, Chair**

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

**RE: Foreclosure Assistance and Referral Program – 21st Periodic Report –
Covering the First Quarter of Calendar Year 2015**

Date: May 26, 2015

Mandate

Title 14 M.R.S. § 6111 requires mortgage lenders or servicers to send a document called a “notice of right to cure default” to any homeowner who is in arrears, prior to the lender or servicer being able to commence a civil foreclosure action in court. The notice informs the homeowner of the statutory 35-day period during which the homeowner can make overdue payments.

The section further requires the lender or servicer to notify the Maine Bureau of Consumer Credit Protection of the name and address of each Maine resident to whom such a notice is sent. The Bureau, in turn, mails an informational letter to the homeowner, describing the state’s intake, assistance and counseling program and inviting the homeowner to contact the Bureau staff to enter the state’s no-cost counseling program or to reach out directly to counselors whose names are listed in the information provided.

Title 14 M.R.S. § 6111(3-B) requires the Bureau to report to this Committee based on the following statutory language:

3-B. Report. *On a quarterly basis, the Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection shall report to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters on the number of notices [of homeowners in default] received pursuant to subsection 3-A. To the extent information is available, the report must also include information on the number of foreclosure filings based on data collected from the court and the Department of Professional and Financial Regulation, Bureau of Financial Institutions and on the types of lenders that are filing foreclosures.*



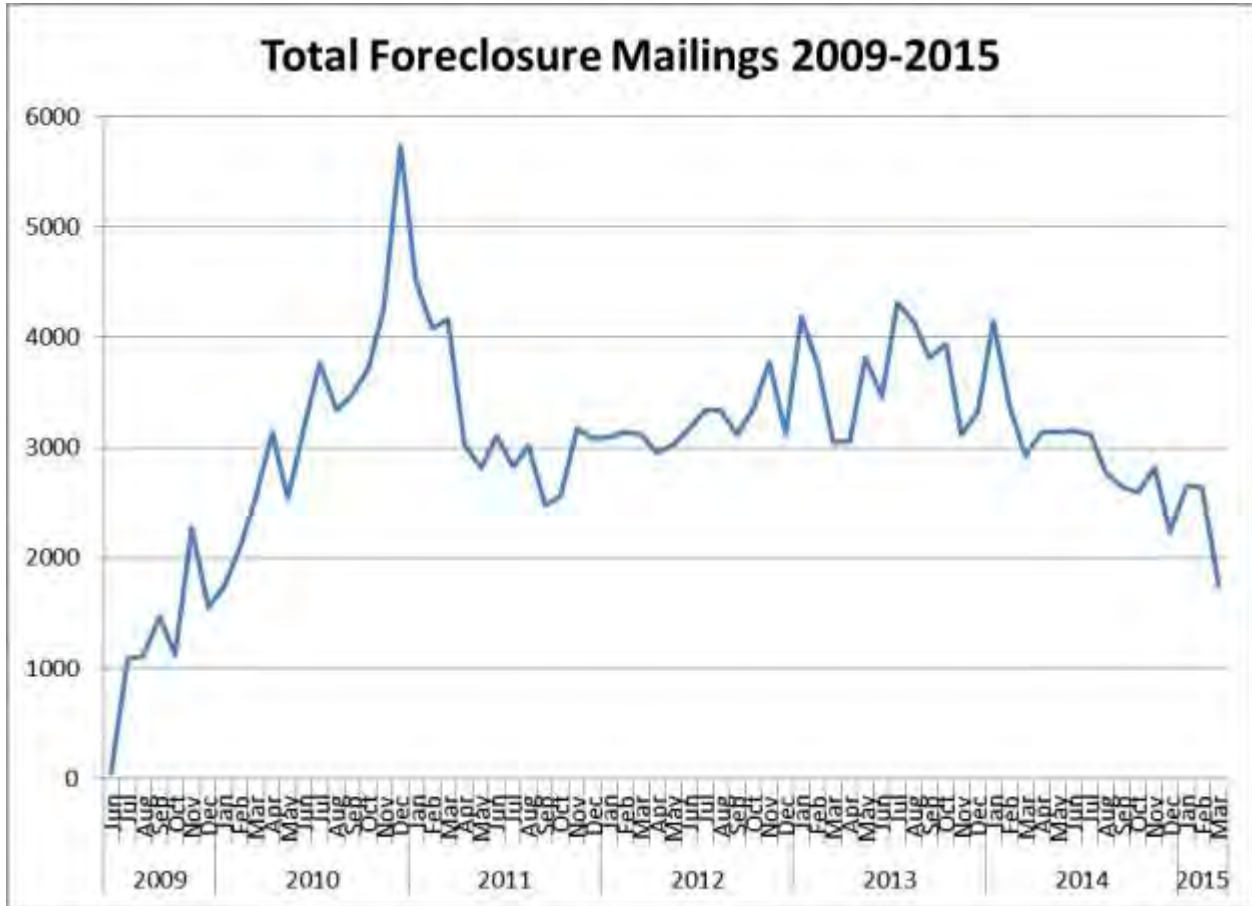
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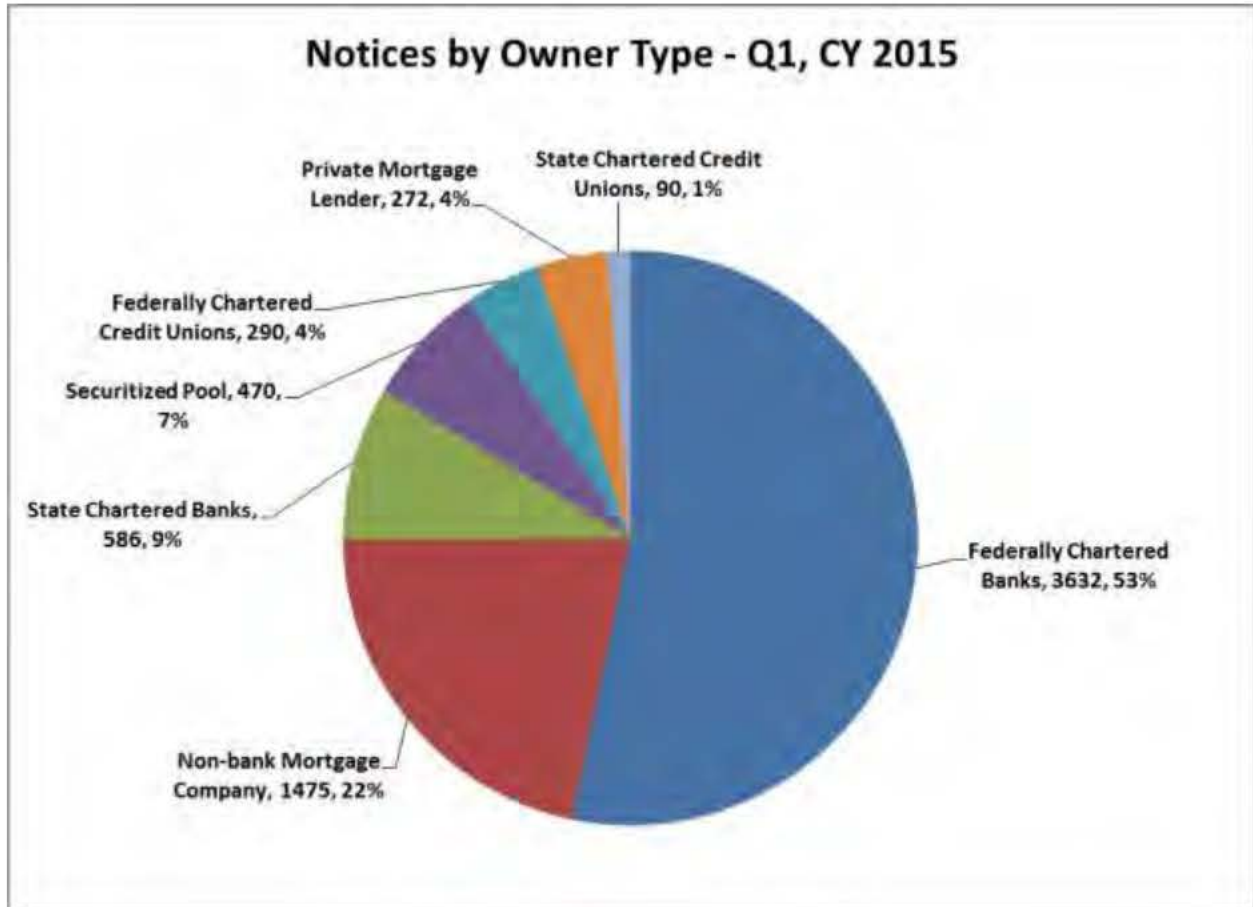
“Notices of Right to Cure” Sent to Maine Homeowners

During the first quarter of 2015 the Bureau continued to see a downward trend in the number of default notices sent to Maine homeowners. As the following graph illustrates, mailings to homeowners who received a notice of right to cure default have dropped to their lowest level since March, 2010.



The following chart shows the types of entities mailing notices of default, as well as the percentage of total mailings made by each type of entity. Federally chartered banks remain the largest filers of notices, constituting 53% of the notices of default mailed. Banks and credit unions chartered in Maine account for 10% of the notices.

Notices by Owner Type - Q1, CY 2015



Foreclosure Cases Filed in Court

The numbers of foreclosure cases filed in courts in Maine continued to decline, in a trend that began in July of 2014, with 381 foreclosure cases filed in the first quarter of 2015, compared to 1,136 in the first quarter of 2014. The reduction was sparked by the decision of the Supreme Judicial Court of the State of Maine acting as the Law Court in Bank of America v. Greenleaf, 2014 ME 189 (2014).

That decision caused lenders to dismiss numerous pending foreclosure cases, while also slowing the pace of cases not yet filed, while attorneys for lenders and servicers worked to find ways to satisfy proof requirements established in the case. Several legislative proposals were considered by the Judiciary Committee of the Legislature this spring in an effort to address some of the issues raised by the Court's decision, but as of the time of preparation of this report it is not clear what changes, if any, will be made to the civil process of foreclosure in this state.

Quarterly Number of Foreclosure Filings in Court for 2014

Region/Court	1st Qtr Jan-Mar 2014	2nd Qtr Apr-Jun 2014	3rd Qtr Jul-Sep 2014	4rd Qtr Oct-Dec 2014	CY 2014 Total
STATEWIDE TOTAL	1136	1145	460	377	3118

**Foreclosure Filings in Court for the Last Three Quarters of 2014
and the First Quarter of 2015**

Region/Court	2nd Qtr Apr- Jun 2014	3rd Qtr Jul-Sep 2014	4th Qtr Oct-Dec 2014	1st Qtr Jan- Mar 2015	2014 - 2015 TOTAL
STATEWIDE TOTAL	1145	460	377	381	2363
Alfred Superior Court	31	19	21	18	89
York District Court	34	9	6	4	53
Biddeford District Court	56	21	10	10	97
Springvale District Court	74	18	16	18	126
Region 1 Subtotal	195	67	53	50	365
Portland Superior Court	131	50	24	34	239
Bridgton District Court	63	16	11	3	93
Portland District Court	0	0	0	0	0
Region 2 Subtotal	194	66	35	37	332
South Paris Superior Court	20	10	18	12	60
Auburn Superior Court	41	14	19	29	103
Farmington Superior Court	11	6	2	5	24
Lewiston District Court	77	24	18	10	129
Farmington District Court	16	6	5	8	35
Rumford District Court	35	10	5	6	56
Livermore Falls District Court	0	0	0	0	0
South Paris District Court	18	13	6	2	39
Region 3 Subtotal	218	83	73	72	446
Skowhegan Superior Court	2	4	10	9	25
Augusta Superior Court	8	13	10	16	47
Skowhegan District Court	39	14	10	13	76
Waterville District Court	33	12	7	15	67
Augusta District Court	54	17	11	5	87
Region 4 Subtotal	136	60	48	58	302
Dover Foxcroft Superior Court	2	2	1	4	9
Bangor Superior Court	24	11	17	18	70
Millinocket District Court	0	0	0	0	0
Dover Foxcroft District Court	19	8	8	5	40
Lincoln District Court	19	6	8	5	38
Newport District Court	28	14	7	9	58
Bangor District Court	59	18	16	18	111
Region 5 Subtotal	151	59	57	59	326

Region/Court	2nd Qtr Apr- Jun 2014	3rd Qtr Jul-Sep 2014	4th Qtr Oct-Dec 2014	1st Qtr Jan- Mar 2015	2014 - 2015 TOTAL
Wiscasset Superior Court	9	6	5	4	24
Bath Superior Court	7	5	4	8	24
Rockland Superior Court	8	2	8	4	22
Belfast Superior Court	7	6	3	5	21
Belfast District Court	23	11	7	15	56
Wiscasset District Court	16	7	10	5	38
West Bath District Court	45	13	7	9	74
Rockland District Court	27	16	8	7	58
Region 6 Subtotal	142	66	52	57	317
Machias Superior Court	4	8	6	6	24
Ellsworth Superior Court	12	4	4	9	29
Bar Harbor District Court	0	0	0	0	0
Machias District Court	10	6	3	5	24
Calais District Court	8	4	3	1	16
Ellsworth District Court	29	10	15	7	61
Region 7 Subtotal	63	32	31	28	154
Houlton Superior Court	6	3	5	0	14
Caribou Superior Court	24	19	13	10	66
Caribou District Court	8	2	1	3	14
Houlton District Court	8	0	2	4	14
Madawaska District Court	0	0	0	0	0
Fort Kent District Court	0	1	1	1	3
Presque Isle District Court	0	2	6	2	10
Region 8 Subtotal	46	27	28	20	121

Data obtained from the “National Foreclosure Report, February 2015” produced by Corelogic, a global property information and analytics company, reveals that nationwide foreclosure inventory is down 27.3 percent over February 2014, with only 1.4% of the homes with mortgages in the country currently in foreclosure.

Maine’s foreclosure inventory is reported as 2.0 %, a reduction from 3.3% from a year ago.

The report further states that in Maine, seriously delinquent mortgages represent 5.5% of all mortgages. This is an improvement from a year ago, when Maine’s seriously delinquent rate was reported by Corelogic to be 6.5%. However, the February 2015 report shows Maine still has the 5th highest seriously delinquent rate in the country.

In contrast, the Bureau of Financial Institutions reported in its “Fourth Quarter 2014 Foreclosure Report” that the total delinquency rate for first lien mortgages held by Maine chartered banks and credit unions was only 1.87%, and that only .34% of first lien mortgages held by Maine chartered institutions were in foreclosure.

Housing Counseling

In the first quarter of 2015, the Bureau of Consumer Credit Protection's contracted housing counselors continued to assist homeowners at risk of foreclosure in finding ways to keep their homes or leave the homes in ways most advantageous to them. In the first quarter, counselors helped 100 homeowners remain in their residences. This occurred through a variety of methods: 70 homeowners obtained loan modifications, 2 obtained refinancing, 11 entered into forbearance or repayment agreements and 17 managed to bring their loans current.

Counselors helped an additional 22 homeowners with their delinquencies in other ways: 15 families granted deeds in lieu of foreclosure, in which the lenders accepted deeds to the properties from the homeowners to satisfy the mortgages without foreclosure; 4 homeowners arranged short sale agreements in which the properties was sold for less than the outstanding mortgage balances with the deficiencies generally being waived; and in 3 instances, the consumers sold their properties to satisfy the mortgages in full.

Conclusion

The numbers of Maine homes that make up the state's "foreclosure inventory" and seriously delinquent loans have decreased, but still remain among the highest in the country. Some percentage of the decrease in foreclosure inventory (mortgages that are in some stage of foreclosure) must be attributed to the slowdown in foreclosure filings and withdrawal of some previously filed cases resulting from the Law Court's Greenleaf decision.

The percentage of seriously delinquent mortgages remains high at 5.5%. Many of these cases will find their ways back to the court system eventually, either as the result of legislation or because lenders are able to satisfy the newer proof requirements as established by the courts.

The need for the statewide outreach program remains high, and the Bureau's contracted counselors continue to obtain positive results for Maine homeowners whose homes are at risk of foreclosure.