

# 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**

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

**RE: Foreclosure Assistance and Referral Program – 23rd Periodic Report**

**DATE: December 7, 2015**

**Reporting Mandate**

The foreclosure assistance and referral program was established in 2009 when the Legislature amended 14 M.R.S. § 6111 and enacted 14 M.R.S. § 6112. The law requires that lenders notify the Bureau of Consumer Credit Protection at the Department of Professional and Financial Regulation when sending out “Notices of Default and Right to Cure” to begin the foreclosure process on residential mortgages. Lenders must provide the names and addresses of the affected homeowners.

Upon receipt of that data, the Bureau sends informational letters to the homeowners, advising them of their rights and available resources, such as HUD-certified counselors through the Bureau’s foreclosure prevention hotline (1-888-NO-4-CLÖZ or 1-888-664-2569), or mediation available during any subsequent court foreclosure process.

The Bureau receives calls each day on the foreclosure hotline, counsels consumers and obtains preliminary information, intervenes in emergency cases, and refers other cases to HUD-certified counselors under contract with the Bureau. The counselors provide free assistance to those consumers, ranging from help in applying for loan modifications, to advice regarding short sales and deeds in lieu of foreclosure.

Pursuant to 14 M.R.S. § 6111(3-B), the Bureau is required to submit a quarterly report to the Joint Standing Committee on Insurance and Financial Services on the number of mortgage 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, or investment trusts).



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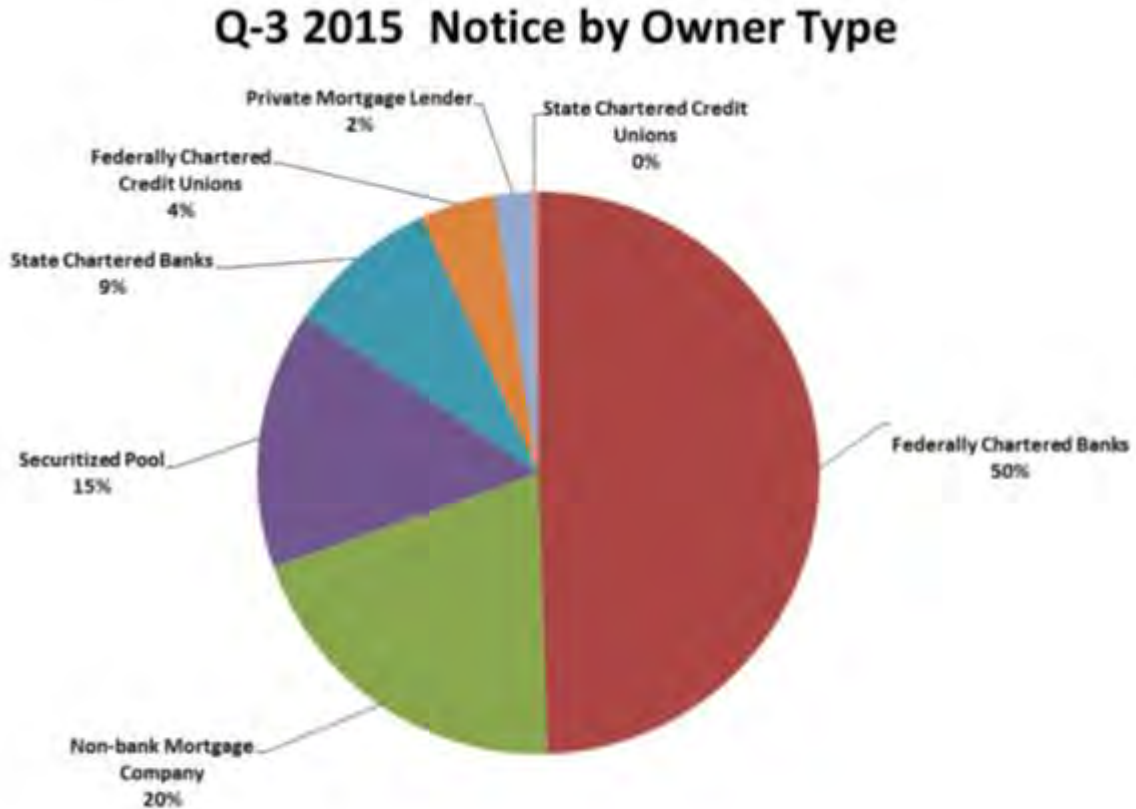
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### Default Notices Sent to Maine Homeowners

During July, August and September of 2015, the Bureau mailed 5,718 informational letters to homeowners in the State of Maine who had received notices of default and right to cure from their mortgage lenders or servicers. This represented a 33% reduction from the same period in 2014, when 8,519 such letters were mailed.

The following chart shows the types of entities mailing notices of right to cure to Maine residents, and the percentage of the filings attributable to each.



The following chart sets forth the number of informational letters sent to homeowners in

each Maine county by month:

<b>County</b>	<b>Jul-15</b>	<b>Aug-15</b>	<b>Sep-15</b>
<b>Androscoggin</b>	<b>168</b>	<b>150</b>	<b>201</b>
<b>Aroostook</b>	<b>98</b>	<b>79</b>	<b>90</b>
<b>Cumberland</b>	<b>310</b>	<b>283</b>	<b>330</b>
<b>Franklin</b>	<b>63</b>	<b>60</b>	<b>54</b>
<b>Hancock</b>	<b>64</b>	<b>57</b>	<b>48</b>
<b>Kennebec</b>	<b>225</b>	<b>233</b>	<b>178</b>
<b>Knox</b>	<b>80</b>	<b>30</b>	<b>47</b>
<b>Lincoln</b>	<b>112</b>	<b>46</b>	<b>40</b>
<b>Oxford</b>	<b>91</b>	<b>100</b>	<b>104</b>
<b>Penobscot</b>	<b>213</b>	<b>170</b>	<b>197</b>
<b>Piscataquis</b>	<b>22</b>	<b>37</b>	<b>38</b>
<b>Sagadahoc</b>	<b>75</b>	<b>58</b>	<b>76</b>
<b>Somerset</b>	<b>78</b>	<b>95</b>	<b>76</b>
<b>Waldo</b>	<b>56</b>	<b>34</b>	<b>45</b>
<b>Washington</b>	<b>49</b>	<b>45</b>	<b>47</b>
<b>York</b>	<b>308</b>	<b>303</b>	<b>365</b>
<b>Total</b>	<b>2012</b>	<b>1780</b>	<b>1936</b>

### **Foreclosure Filings in Court**

The number of foreclosure cases filed in Maine in the last year continued to show a moderate increase, but the numbers remain far below the totals occurring prior to July of 2014 when the Maine Law Court decided Bank of America v. Greenleaf, 2014 ME 189 (2014).

The following chart shows civil foreclosure filings statewide and by court over the past 4 quarters:

Region/Court	4th Qtr Oct-Dec 2014	1st Qtr Jan- Mar 2015	2nd Qtr Apr- Jun 2015	3rd Qtr Jul-Sep 2015	12- Month Total
<b>STATEWIDE TOTAL</b>	<b>377</b>	<b>381</b>	<b>458</b>	<b>520</b>	<b>1736</b>
Alfred Superior Court	21	18	20	15	74
York District Court	6	4	6	7	23
Biddeford District Court	10	10	6	23	49
Springvale District Court	16	18	28	25	87
<b>Region 1 Subtotal</b>	<b>53</b>	<b>50</b>	<b>60</b>	<b>70</b>	<b>233</b>
Portland Superior Court	24	34	49	54	161
Bridgton District Court	11	3	13	13	40
Portland District Court	0	0	0	0	0
<b>Region 2 Subtotal</b>	<b>35</b>	<b>37</b>	<b>62</b>	<b>67</b>	<b>201</b>
South Paris Superior Court	18	12	6	9	45
Auburn Superior Court	19	29	13	11	72
Farmington Superior Court	2	5	3	1	11
Lewiston District Court	18	10	49	37	114
Farmington District Court	5	8	13	9	35
Rumford District Court	5	6	7	9	27
Livermore Falls District Court	0	0	0	0	0
South Paris District Court	6	2	5	13	26
<b>Region 3 Subtotal</b>	<b>73</b>	<b>72</b>	<b>96</b>	<b>89</b>	<b>330</b>
Skowhegan Superior Court	10	9	6	5	30
Augusta Superior Court	10	16	10	12	48
Skowhegan District Court	10	13	23	16	62
Waterville District Court	7	15	14	14	50
Augusta District Court	11	5	18	31	65
<b>Region 4 Subtotal</b>	<b>48</b>	<b>58</b>	<b>71</b>	<b>78</b>	<b>255</b>
Dover Foxcroft Superior Court	1	4	1	3	9
Bangor Superior Court	17	18	14	28	77
Millinocket District Court	0	0	0	0	0
Dover Foxcroft District Court	8	5	4	7	24
Lincoln District Court	8	5	3	10	26
Newport District Court	7	9	14	10	40
Bangor District Court	16	18	32	29	95
<b>Region 5 Subtotal</b>	<b>57</b>	<b>59</b>	<b>68</b>	<b>87</b>	<b>271</b>

Region/Court	4th Qtr Oct-Dec 2014	1st Qtr Jan- Mar 2015	2nd Qtr Apr- Jun 2015	3rd Qtr Jul-Sep 2015	12- Month Total
Wiscasset Superior Court	5	4	5	7	21
Bath Superior Court	4	8	2	2	16
Rockland Superior Court	8	4	4	5	21
Belfast Superior Court	3	5	4	5	17
Belfast District Court	7	15	13	13	48
Wiscasset District Court	10	5	4	10	29
West Bath District Court	7	9	12	11	39
Rockland District Court	8	7	9	8	32
<b>Region 6 Subtotal</b>	<b>52</b>	<b>57</b>	<b>53</b>	<b>61</b>	<b>223</b>
Machias Superior Court	6	6	4	1	17
Ellsworth Superior Court	4	9	6	6	25
Bar Harbor District Court	0	0	0	0	0
Machias District Court	3	5	8	3	19
Calais District Court	3	1	4	7	15
Ellsworth District Court	15	7	13	25	60
<b>Region 7 Subtotal</b>	<b>31</b>	<b>28</b>	<b>35</b>	<b>42</b>	<b>136</b>
Houlton Superior Court	5	0	2	3	10
Caribou Superior Court	13	10	5	11	39
Caribou District Court	1	3	0	2	6
Houlton District Court	2	4	2	3	11
Madawaska District Court	0	0	0	0	0
Fort Kent District Court	1	1	4	3	9
Presque Isle District Court	6	2	0	4	12
<b>Region 8 Subtotal</b>	<b>28</b>	<b>20</b>	<b>13</b>	<b>26</b>	<b>87</b>

The next chart shows the total number of foreclosure cases filed in Maine Courts by quarter for the same period one year prior.

Region/Court	4th Qtr Oct - Dec 2013	1st Qtr Jan - Mar 2014	2nd Qtr Apr - Jun 2014	3rd Qtr Jul - Sep 2014	12-Month TOTAL
<b>STATEWIDE TOTAL</b>	<b>1315</b>	<b>1136</b>	<b>1145</b>	<b>460</b>	<b>4056</b>

For the same 12-month period one year ago, 4,056 foreclosure cases were filed in Maine courts, compared to 1,736 for the most recent period.

Attorneys who handle foreclosure cases for lenders report there is still a large backlog of foreclosure cases, but issues with paperwork and witness production created by the Greenleaf decision are delaying filing.

### **Information from the Bureau of Financial Institutions**

In its “Maine State-Chartered Financial Institutions Report” dated November 12, 2015, the Bureau of Financial Institutions reported that Maine’s 31 state-chartered banks and credit unions hold a total of 68,000 first lien mortgages on homes in Maine. Of these 68,000 mortgages, only 229 (0.33%) are in the process of foreclosure. The report also states that only 0.69% of such mortgages are 90 days or more delinquent. The total delinquency rate – loans at any level of delinquency – was reported as 1.36%.

### **National Statistics**

Corelogic, a global information and analytics company, in its “National Foreclosure Report” for September, 2015 noted that Maine still ranks 6<sup>th</sup> in the country in the percent of homes with mortgages in foreclosure at 2.1%. The number of mortgages in foreclosure is, however, down from 2.7% one year ago.

The state ranks 5<sup>th</sup> in the country in mortgages seriously in default (90 days or greater) at 4.9%.

These numbers show favorably the difference in mortgage lending between financial institutions chartered in Maine and national or out-of-state lenders. Maine chartered financial institutions have a rate of mortgages in foreclosure of 0.33%, compared to a total rate as reported by Corelogic of 2.1%, more than 6 times higher. Similarly, the percentage of mortgages 90 days or more in default for Maine chartered institutions is 0.69%, while the rate for all lenders is 4.9%, 7 times greater.

The Mortgage Bankers Association recently released its “National Delinquency Survey, Q3 2015” which contains statistics regarding foreclosures nationwide. That report states the percentage of mortgages in foreclosure in Maine as of the end of the quarter as 3.06%, higher than Corelogic’s number of 2.1%. Differences in reporting methodology may result in the variance.

### **Statewide Outreach Program**

During July, August and September of 2015, the Bureau took calls from 118 homeowners at risk of foreclosure, assigning counselors to assist them in seeking loan modifications and other alternatives to foreclosure. In addition, counselors under contract with the Bureau accepted another 76 cases from homeowners who called them directly, either as the result of reviewing the information in the outreach packet sent by the Bureau to every homeowner receiving a notice of right to cure from their lender, or from reading information on the Bureau’s website. Counselors began another 57 cases resulting from referrals from other sources, such as Congressional Offices, State Legislators and community assistance agencies.

Counselors assisted 120 homeowners in remaining in their homes, with 20 managing to bring their loans current, 12 obtaining refinancing or reverse mortgages, 81 receiving loan modifications and 7 entering into repayment plans or forbearance agreements.

In addition, counselors assisted in 45 cases in which the property being foreclosed upon was sold or conveyed through a normal sale, a short sale, or a deed in lieu of foreclosure. While in such cases the homeowner does not retain the home, there is generally an agreement which accompanies a short sale or deed in lieu of foreclosure which relieves the homeowner of any potential deficiency on the mortgage.

### **Conclusion**

Although statistics indicate that the number of homeowners in default is decreasing, the number of cases filed in court during the most recent 12 months has increased slowly during that time. However, the total number of cases filed in that time is less than half as many as were filed during the prior 12 month period.