

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 – 25th Periodic Report

DATE: June 1, 2016

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 declaring the entire unpaid balance due and owing; and commencing a civil foreclosure action in court. 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 a letter to the homeowner, inviting the homeowner to either 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 [mortgage default] notices 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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OFFICES LOCATED AT:

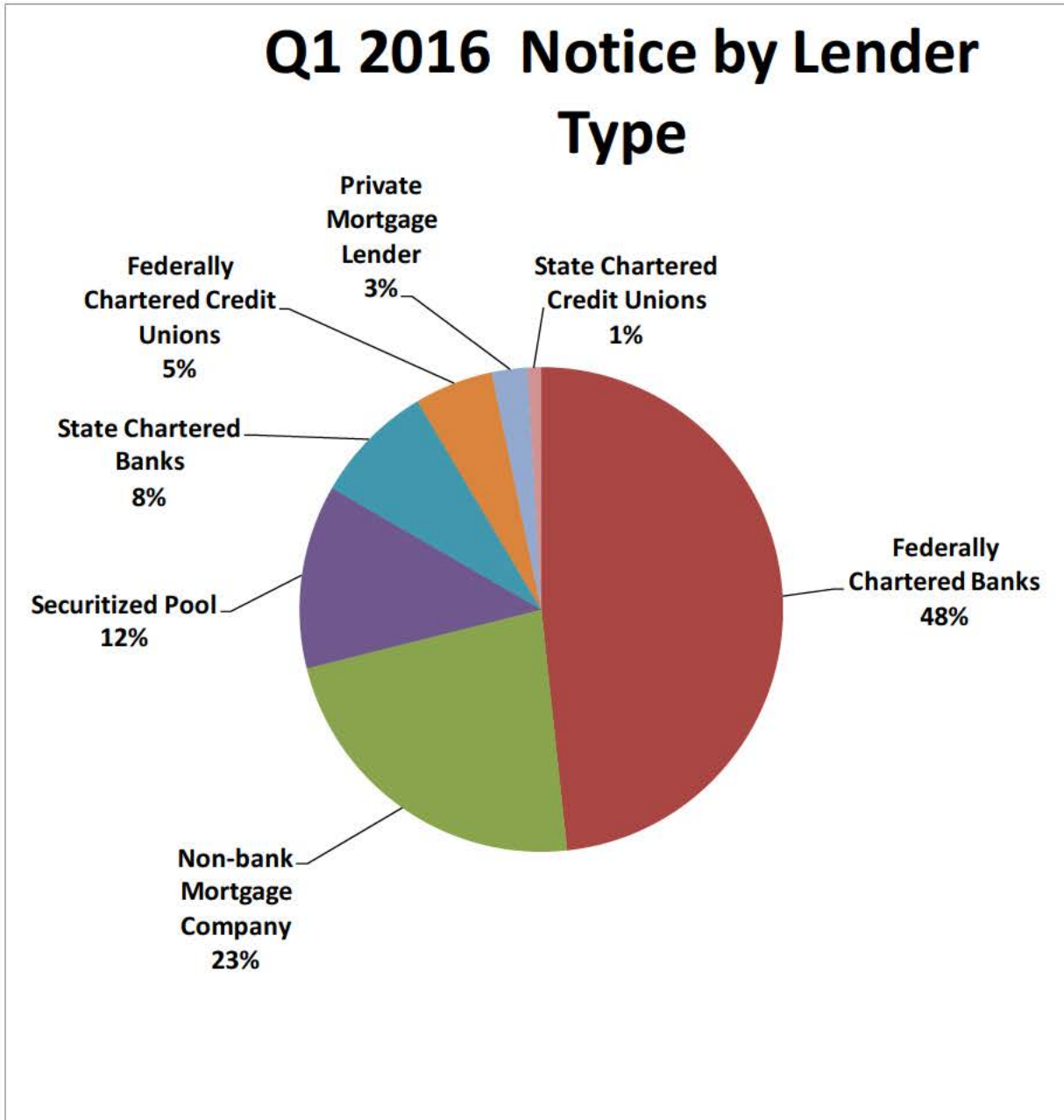
76 NORTHERN AVENUE, GARDINER, MAINE

PHONE: (207)624-8527 (Voice)

FAX: (207)582-7699

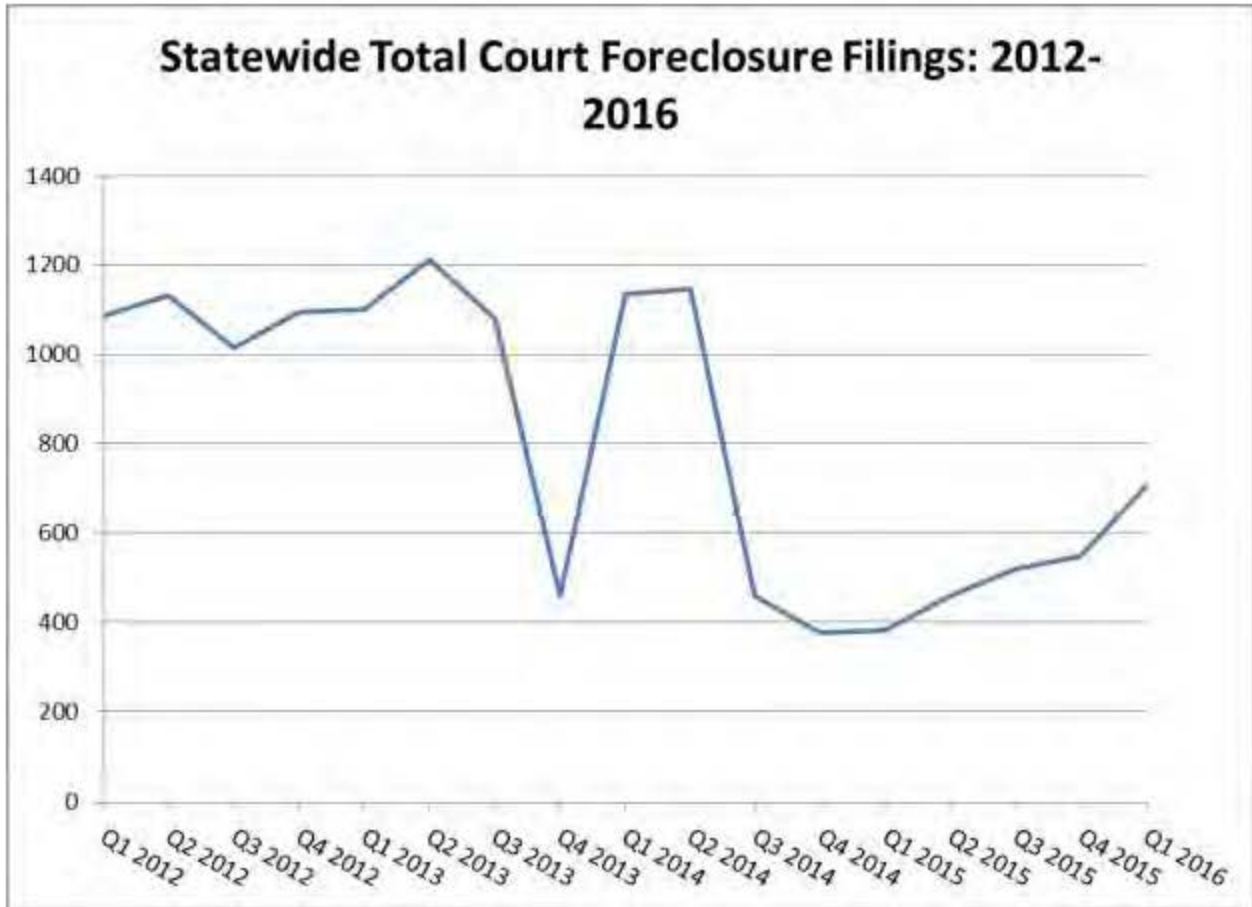
TTY USERS CALL MAINE RELAY 711
INTERNET: www.Credit.Maine.Gov

The chart below shows the types of entities filing notices of right to cure, and the percentage of the total number of notices filed for the quarter by each type of entity.



FORECLOSURE FILINGS IN COURT

The number of foreclosure cases filed in Maine courts increased nearly 30% compared to the prior quarter. This marks the sixth consecutive quarterly increase, although the total (705 foreclosures) is still fewer than the number of quarterly filings prior to the decision of the Law Court in Bank of America v. Greenleaf, 2014 ME 189 (2014), decided in July of 2014. In the two quarters prior to the Greenleaf decision, over 1,100 cases were filed each quarter.



The following chart shows the number of foreclosure filings in each court in the state for the most recent four quarters.

Region/Court	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	CY 2015-2016
	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	TOTAL
STATEWIDE TOTAL	458	520	547	705	2230
Alfred Superior Court	20	15	9	18	62
York District Court	6	7	5	7	25
Biddeford District Court	6	23	19	31	79
Springvale District Court	28	25	29	45	127
Region 1 Subtotal	60	70	62	101	293
Portland Superior Court	49	54	50	78	231
Bridgton District Court	13	13	25	24	75
Portland District Court	0	0	0	0	0
Region 2 Subtotal	62	67	75	102	306
South Paris Superior Court	6	9	5	10	30
Auburn Superior Court	13	11	12	15	51
Farmington Superior Court	3	1	6	4	14
Lewiston District Court	49	37	35	51	172
Farmington District Court	13	9	9	20	51
Rumford District Court	7	9	16	5	37
Livermore Falls District Court	0	0	0	0	0
South Paris District Court	5	13	11	11	40
Region 3 Subtotal	96	89	94	116	395
Skowhegan Superior Court	6	5	11	5	27
Augusta Superior Court	10	12	16	15	53
Skowhegan District Court	23	16	26	29	94
Waterville District Court	14	14	22	19	69
Augusta District Court	18	31	24	39	112
Region 4 Subtotal	71	78	99	107	355
Dover Foxcroft Superior Court	1	3	1	1	6
Bangor Superior Court	14	28	14	21	77
Millinocket District Court	0	0	0	0	0
Dover Foxcroft District Court	4	7	11	7	39
Lincoln District Court	3	10	9	10	32
Newport District Court	14	10	17	20	61
Bangor District Court	32	29+	37	45	143
Region 5 Subtotal	68	87	89	114	358

Region/Court	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	CY 2015- 2016
	Apr- Jun 2015	Jul-Sep 2015	Oct-Dec 2015	Jan- Mar 2016	TOTAL
Wiscasset Superior Court	5	7	7	7	26
Bath Superior Court	2	2	2	4	10
Rockland Superior Court	4	5	7	3	19
Belfast Superior Court	4	5	4	7	20
Belfast District Court	13	13	16	14	56
Wiscasset District Court	4	10	13	10	37
West Bath District Court	12	11	10	20	53
Rockland District Court	9	8	12	6	35
Region 6 Subtotal	53	61	71	71	256
Machias Superior Court	4	1	2	5	12
Ellsworth Superior Court	6	6	7	4	23
Bar Harbor District Court	0	0	0	0	0
Machias District Court	8	3	8	11	30
Calais District Court	4	7	4	4	19
Ellsworth District Court	13	25	12	19	69
Region 7 Subtotal	35	42	33	43	153
Houlton Superior Court	2	3	3	3	11
Caribou Superior Court	5	11	15	37	68
Caribou District Court	0	2	1	2	5
Houlton District Court	2	3	1	2	8
Madawaska District Court	0	0	0	0	0
Fort Kent District Court	4	3	1	2	10
Presque Isle District Court	0	4	3	5	12
Region 8 Subtotal	13	26	24	51	114

There have also been a number of foreclosure cases filed in the Federal District Court for the State of Maine in an attempt to circumvent issues in Maine state courts raised by the Greenleaf decision.

INFORMATION FROM THE BUREAU OF FINANCIAL INSTITUTIONS

The latest foreclosure report from the Bureau of Financial Institutions dated February 25, 2016 indicates that foreclosure filings by the 31 state chartered banks and credit unions regulated by the Bureau decreased to .31% of first lien mortgages held by such institutions, down from a high of .73% in 2011. The report states that state chartered institutions held 69,000 first lien mortgages, of which 217 are in the process of foreclosure.

The report also states that the seriously delinquent rate (those loans more than 90 days in arrears) stands at .65%, down from a high of 1.24% in 2010.

INFORMATION FROM NATIONAL SOURCES

In its *National Foreclosure Report* for March, 2016, Corelogic, a global property information and analytics company reported Maine's overall percentage of loans in the process of foreclosure to be 2.0%, while loans that are seriously delinquent to constitute 4.6% of all mortgages.

OUTREACH PROGRAM

During the first quarter of 2016, counselors under contract with the Bureau of Consumer Credit Protection dealt with 268 new cases for homeowners in foreclosure or in imminent risk of entering foreclosure. This is a slight increase over the prior quarter, when 243 new cases were taken on.

During the last quarter, counselors obtained results that allowed 73 homeowners to remain in their homes. Resolution categories were as follows:

- 13 homeowners brought their mortgages current
- 1 obtained a refinance or reverse mortgage
- 50 received loan modifications
- 1 obtained a second mortgage, and
- 8 obtained a repayment or forbearance plan

In addition, counselors also assisted homeowners obtain relief that nonetheless required homeowners to vacate their residence. The resolutions were:

- 6 conveyed their homes to the mortgage holder by a deed in lieu of foreclosure, avoiding liability for a deficiency judgment
- 5 sold their properties, which allowed them to pay off the mortgage and walk away without deficiency
- 4 sold their properties by short sale, in which the mortgage holder agrees to accept less than is owed on the mortgage so the home can be sold. This also generally involves the lender waiving a deficiency judgment.

CONCLUSION

This quarter saw a significant increase in foreclosure filings in court. According to the Corelogic report, 1 in every 50 first mortgages on homes in the state is in foreclosure, and about 1 in every 25 is more than 90 days in arrears.