

MAINE STATE LEGISLATURE

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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 – 29th Periodic Report (Covering period January 1, 2017 – March 31, 2017)

DATE: June 14, 2017

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-CLŌZ 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 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).

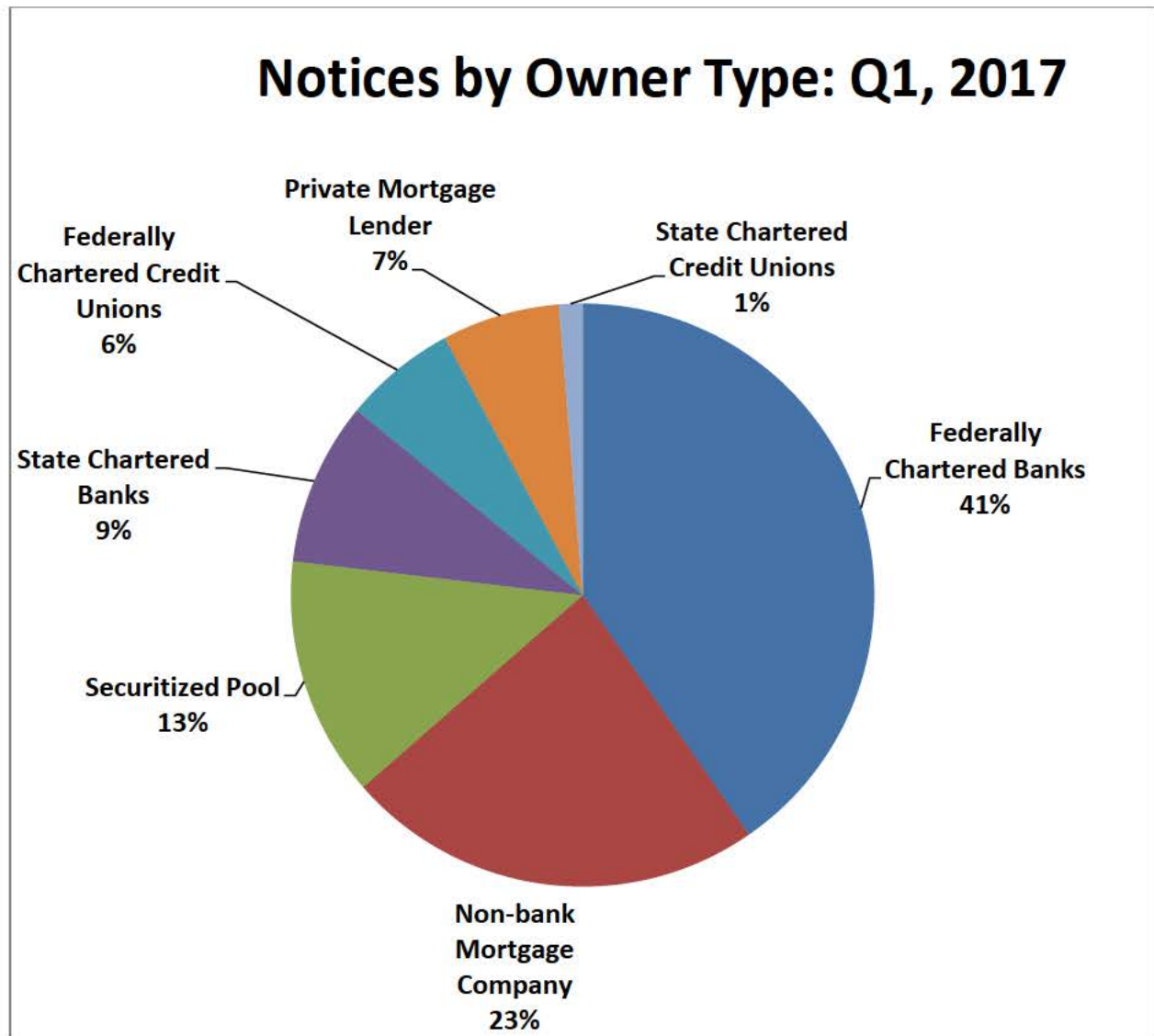
Default Notices Sent to Maine Homeowners

The following chart details the number of informational letters sent by the Bureau to homeowners who received notices of deficiency and right to cure during the first quarter of 2017, categorized by county. The total for the three months was 5,490 informational letters, a 22% reduction from the 7,040 packets sent in the first quarter of 2016.

County	Jan-17	Feb-17	Mar-17
Androscoggin	193	174	133
Aroostook	83	92	57
Cumberland	334	298	248
Franklin	58	31	28
Hancock	79	74	73
Kennebec	182	159	131
Knox	64	62	43
Lincoln	44	45	66
Oxford	117	106	73
Penobscot	231	204	168

Piscataquis	22	25	24
Sagadahoc	57	99	62
Somerset	94	103	63
Waldo	64	55	42
Washington	59	44	31
York	343	361	292
Total	2024	1932	1534

The following chart details the percentage of notices of right to cure sent by various types of lenders.



The data supporting the previous chart is contained in the following chart:

Type	Jan-17	Feb-17	Mar-17
Federally Chartered Banks	809	850	619
Non-bank Mortgage Company	534	429	356
Securitized Pool	267	274	204
State Chartered Banks	180	158	139
Federally Chartered Credit Unions	159	128	96
Private Mortgage Lender	62	71	100
State Chartered Credit Unions	13	22	20
Total:	2,024	1,932	1,534

Foreclosure Cases Filed in Court

The following chart sets out the total number of foreclosure cases filed in Maine courts over a one year period beginning on April 1, 2016. The filings are categorized by quarter and by court.

Region/Court	2nd Qtr Apr-Jun 2016	3rd Qtr Jul-Sep 2016	4th Qtr Oct-Dec 2016	1st Qtr Jan-Mar 2017	2016-2017 TOTAL
STATEWIDE TOTAL	891	633	590	625	2739
Alfred Superior Court	43	23	14	12	92
York District Court	15	14	21	8	58
Biddeford District	42	27	31	20	120

Court					
Springvale District Court	46	32	40	38	156
Region 1 Subtotal	146	96	106	78	426
Portland Superior Court	112	57	56	56	281
Bridgton District Court	32	20	22	19	93
Portland District Court	0	0	0	0	0
Region 2 Subtotal	144	77	78	75	374
South Paris Superior Court	17	9	5	11	42
Auburn Superior Court	20	13	16	13	62
Farmington Superior Court	3	4	2	2	11
Lewiston District Court	56	38	45	52	191
Farmington District Court	12	14	8	21	55
Rumford District Court	19	12	9	10	50
Livermore Falls District Court	0	0	0	0	0
South Paris District Court	15	10	15	15	55
Region 3 Subtotal	142	100	100	124	466
Skowhegan Superior Court	12	10	8	8	38
Augusta Superior Court	19	11	14	17	61
Skowhegan District Court	44	18	21	19	102
Waterville District Court	23	20	14	24	81

Augusta District Court	34	31	24	26	115
Region 4 Subtotal	132	90	81	94	397
Dover Foxcroft Superior Court	4	1	3	3	11
Bangor Superior Court	32	19	23	21	95
Millinocket District Court	0	0	0	0	0
Dover Foxcroft District Court	8	10	8	17	43
Lincoln District Court	14	13	5	10	42
Newport District Court	16	17	9	13	55
Bangor District Court	54	54	52	40	200
Region 5 Subtotal	128	114	100	104	446
Wiscasset Superior Court	4	9	1	4	18
Bath Superior Court	8	3	0	5	16
Rockland Superior Court	8	5	1	2	16
Belfast Superior Court	6	6	4	5	21
Belfast District Court	25	9	14	7	55
Wiscasset District Court	15	12	12	14	53
West Bath District Court	28	19	17	11	75
Rockland District Court	12	13	10	18	53
Region 6 Subtotal	106	76	59	66	307
Machias Superior Court	5	3	4	4	16

Ellsworth Superior Court	7	9	3	5	24
Bar Harbor District Court	0	0	0	0	0
Machias District Court	7	11	10	6	34
Calais District Court	7	6	5	2	20
Ellsworth District Court	23	22	12	27	84
Region 7 Subtotal	49	51	34	44	178
Houlton Superior Court	6	5	4	6	21
Caribou Superior Court	28	16	19	18	81
Caribou District Court	2	3	5	6	16
Houlton District Court	5	2	1	3	11
Madawaska District Court	0	0	0	0	0
Fort Kent District Court	2	0	1	3	6
Presque Isle District Court	1	3	2	4	10
Region 8 Subtotal	44	29	32	40	145

The totals for the same period one year ago were:

Region/Court	2nd Qtr Apr-Jun 2015	3rd Qtr Jul-Sep 2015	4th Qtr Oct-Dec 2015	1st Qtr Jan-Mar 2016	2015-2016 TOTAL
STATEWIDE TOTAL	381	520	590	705	2,196

Information from the Bureau of Financial Institutions, and from National Sources

In its “Foreclosure Report for Year-end 2016,” dated February 17, 2017, the Maine Bureau of Financial Institutions reported that foreclosures initiated by the 31 banks and credit unions regulated by the Bureau had continued to decline and for the third year in a row, were below 2008 levels. The report indicated that foreclosure initiations had peaked in 2011 at .73% of all first lien mortgages held by those institutions. By the end of 2016 the percentage was down to .25%; *i.e.*, foreclosures were initiated in only 183 out of 74,000 first lien mortgage loans held by Maine licensed banks and credit unions.

The numbers for mortgages held by Maine chartered financial institutions which were seriously in default (over 90 days in arrears) also declined, from a high of 1.24% at year-end 2010, to .57% at the end of 2016. The report concluded that foreclosure activity by Maine chartered institutions had steadily declined over the last five years and has now reached pre-recessionary levels.

In its *Loan Performance Insights Through February 2017*, Corelogic, a global property information and analytics company, reported that Maine’s overall rate of foreclosure filings (including both state chartered institutions, non-bank lenders and nationally chartered institutions) was 1.7% at the end of February, 2017 compared to 1.9% a year prior. Similarly the seriously delinquent rate had dropped from 4.2% at the end of February, 2016 to 3.4% at the end of February, 2017.

Comparing the overall delinquency rates to those on loans held by Maine-chartered banks and credit unions, it’s clear that Maine banks and credit unions are experiencing a much lower rate of delinquency than other lenders, including out-of-state banks, and in-state and out-of-state non-bank (mortgage company) lenders.

Results of Statewide Outreach Program

During January, February and March of 2017 the Bureau mailed informational letters to 5,372 homeowners pursuant to the requirements of Title 14 M.R.S. § 6111. The Bureau assigned 91 homeowners to work with counselors who are under contract with the Bureau as a result of calls to the Bureau hotline set up pursuant to Title 14 M.R.S. § 6112. Another 39 homeowners contacted counselors directly as a result of receiving letters mailed by the Bureau. Finally, counselors contracting with the Bureau also accepted the cases of 84 other homeowners who contacted them from other sources such as legislative and municipal referrals.

During the same period, the counselors assisted 55 homeowners with resolutions that allowed them to remain in their homes. These resolutions included:

Loan modification obtained	31
Refinanced/Reverse Mortgage	16
Brought mortgage current	7
FHA partial claim	1

In addition, counselors were also able to assist 17 homeowners with resolutions which, while not allowing the homeowners to retain their homes, did minimize their loss, or reduced or eliminated future deficiency balances. These resolutions included:

Deeds in lieu of foreclosure	6
Sale of the property	3
Short sale (lender's agreement to accept less than full balance)	8