

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

TO: Joint Standing Committee on Insurance and Financial Services
Joint Standing Committee on Appropriations and Financial Affairs

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

RE: Foreclosure Assistance and Referral Program – 34th Periodic Report

DATE: September 24, 2018

Introduction

Title 14 M.R.S. § 6111 requires mortgage lenders and servicers to provide a “notice of right to cure” (also referred to herein as a “default notice”) to any homeowner in default, prior to commencing a foreclosure action in court. The section further requires the lender 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 the homeowner 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 Joint Standing Committee on Insurance and Financial Services listing the number of default notices sent to Maine residents by their lenders. 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 Insurance and Financial Services Committee and to the Joint Standing Committee on Appropriations and Financial Affairs.

This combined report has been prepared to comply with both provisions (Section 6111 and Section 6112) of Title 14.

Informational Letters Mailed to Defaulting Homeowners

During the second quarter of 2018, the Bureau mailed 4,855 letters to homeowners who had received notices of deficiency and right to cure from their mortgage lenders or servicers. The breakdown of such mailings by lender type is as follows:



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PHONE: (207)624-8527 (Voice)

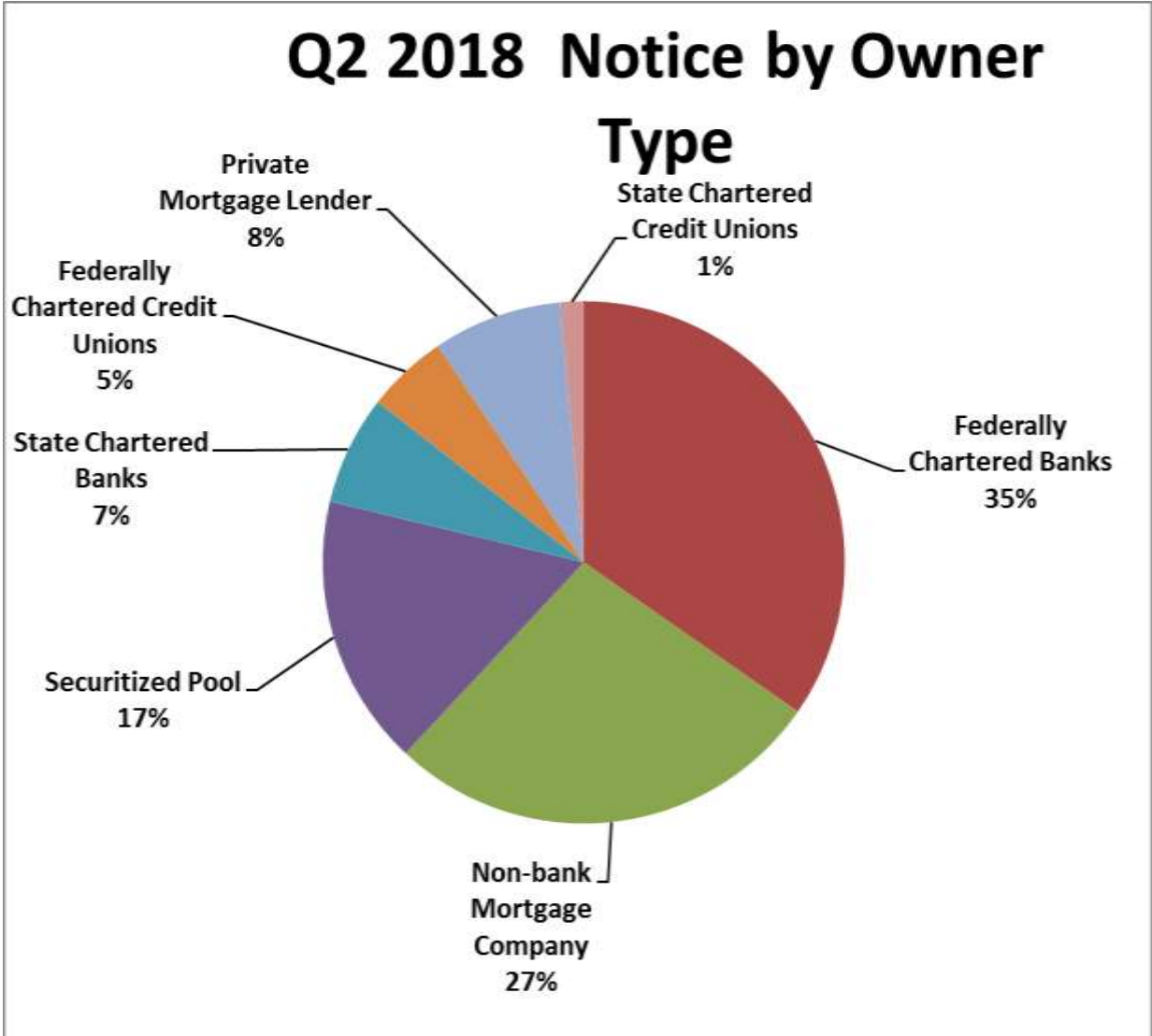
OFFICES LOCATED AT:
76 NORTHERN AVENUE, GARDINER, MAINE

FAX: (207)582-7699

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

Type	April, 2018	May, 2018	June, 2018
Federally Chartered Banks	566	524	594
Non-bank Mortgage Company	423	499	402
Securitized Pool	225	252	338
State Chartered Banks	93	126	110
Federally Chartered Credit Unions	98	60	87
Private Mortgage Lender	126	143	119
State Chartered Credit Unions	26	16	28
Total:	1557	1620	1678

The following pie chart illustrates graphically the breakdown of notices filed by each type of lender:



Categorized by county, the distribution of default notices was as follows:

County	April, 2018	May, 2018	June, 2018
Androscoggin	124	137	119
Aroostook	67	62	77
Cumberland	267	298	280
Franklin	22	34	29
Hancock	77	43	70
Kennebec	125	144	143
Knox	44	43	42
Lincoln	68	41	58
Oxford	98	98	110
Penobscot	181	182	204
Piscataquis	21	16	22
Sagadahoc	62	60	64
Somerset	56	54	67
Waldo	50	47	38
Washington	32	46	44
York	263	315	311
Total	1557	1620	1678

Foreclosure Filings in Court

The following chart shows the number of foreclosure actions filed in each court in the State of Maine in the past year.

Region/Court	3rd Qtr Jul-Sep 2017	4th Qtr Oct-Dec 2017	1st Qtr Jan- Mar 2018	2nd Qtr Apr- Jun 2018	FY 2018 TOTAL
STATEWIDE TOTAL	638	594	666	570	2468
Alfred Superior Court	25	16	20	15	76
York District Court	15	10	24	25	74
Biddeford District Court	24	28	45	40	137
Springvale District Court	31	36	10	7	84
Region 1 Subtotal	95	90	99	87	371
Portland Superior Court	56	58	33	20	167
Bridgton District Court	25	24	2	0	51
Portland District Court	0	0	72	58	130

Region 2 Subtotal	81	82	107	78	348
South Paris Superior Court	8	6	8	4	26
Auburn Superior Court	24	7	17	6	54
Farmington Superior Court	4	3	3	2	12
Lewiston District Court	41	61	64	53	219
Farmington District Court	8	11	0	0	19
Rumford District Court	9	8	15	10	42
Livermore Falls District Court	0	0	8	14	22
South Paris District Court	13	10	6	4	33
Region 3 Subtotal	107	106	121	93	427
Skowhegan Superior Court	8	4	25	30	67
Augusta Superior Court	23	11	5	5	44
Skowhegan District Court	31	30	25	17	103
Waterville District Court	18	21	7	3	49
Augusta District Court	22	18	26	14	80
Region 4 Subtotal	102	84	88	69	343
Dover Foxcroft Superior Court	3	0	36	32	71
Bangor Superior Court	22	19	22	14	77
Millinocket District Court	0	0	13	1	14
Dover Foxcroft District Court	12	7	0	2	21
Lincoln District Court	7	15	12	22	56
Newport District Court	20	9	0	0	29
Bangor District Court	44	33	22	20	119
Region 5 Subtotal	108	83	105	91	387
Wiscasset Superior Court	6	4	3	4	17
Bath Superior Court	2	6	15	18	41
Rockland Superior Court	10	6	3	3	22
Belfast Superior Court	3	5	9	11	28
Belfast District Court	18	19	4	8	49
Wiscasset District Court	12	11	16	20	59

West Bath District Court	17	9	13	17	56
Rockland District Court	17	12	7	2	38
Region 6 Subtotal	85	72	70	83	310
Machias Superior Court	1	4	0	0	5
Ellsworth Superior Court	5	5	8	6	24
Bar Harbor District Court	0	0	18	15	33
Machias District Court	8	5	5	7	25
Calais District Court	1	7	10	8	26
Ellsworth District Court	14	19	1	3	37
Region 7 Subtotal	29	40	42	39	150
Houlton Superior Court	5	5	4	0	14
Caribou Superior Court	22	18	16	19	75
Caribou District Court	1	3	4	2	10
Houlton District Court	1	6	4	2	13
Madawaska District Court	0	0	3	3	6
Fort Kent District Court	2	2	0	0	4
Presque Isle District Court	0	3	3	4	10
Region 8 Subtotal	31	37	34	30	132

Counselor Activity

During the months of April, May and June 2018, counselors under contract with the Bureau assisted 32 households facing possible foreclosure remain in their homes. Four homeowners were able to bring their mortgages current; two homeowners obtained a reverse mortgage; and twenty-six homeowners received loan modifications. An additional four homeowners received assistance in obtaining a result which, although not allowing them to stay in the home, minimized the financial impact of the threatened foreclosure – three homeowners were able to obtain relief through the deed-in-lieu-of-foreclosure process, and one was able to sell the home and pay off the mortgage.

For the quarter, the Bureau assigned 90 cases to counselors. Counselors received another 42 cases from homeowners contacting them directly as a result of receiving informational letters in the mail from the Bureau, and an additional 34 cases which were referred to them from other sources, such as Senate or House offices or from community service organizations.

Information from Other Sources

CoreLogic, a global property information and analytics company, in its “*Loan Performance Insights; June, 2018*,” reported that nationwide, the percentage of loans 30 days or more delinquent dropped from 4.6% in June of 2017 to 4.3% in June of 2018. The number of loans 90 days or more in arrears did not change, staying at 0.3%. Loans in foreclosure dropped from 0.7% to 0.5%.

Maine’s 30-day plus delinquency rate in June of 2018 (5.1%) remained higher than the national average, but that number represented a 0.6% drop from June of 2017. Maine’s other rates also reflected drops from June, 2017, with 90-day plus delinquencies dropping from 3.0% to 2.5%, and foreclosures dropping from 1.4% to 1.3%.

The report indicated that only Florida and Texas experienced year-over-year increases in serious delinquency rates, likely the result of the difficult storm seasons.

Financial Condition of the Bureau’s Program

Revenue for the program is derived primarily from a transfer tax assessed on lenders that purchase properties on which they have foreclosed.

The outreach program began fiscal year 2019 (on July 1, 2018) with \$590,052.35 cash on hand, a reserve which has remained relatively steady over the 9-year history of the program.

For the current fiscal year, the Bureau budgeted \$500,000 in revenues and \$720,963 in expenses, intending to use a portion of the cash on hand to cover the overage. Most of the expenses incurred are for payment of contracts with foreclosure counselors who are located in various geographic regions around the State of Maine.

However, revenue for the program did not meet budgeted amounts, and expenses were likewise reduced from projections. Revenue for fiscal year 2018 was \$377,470.89, or 75.5% of the projected amount. And only \$455,303.34 in expenses were paid in fiscal year 2018 – 63.6% of the budgeted amount.

As of the date of this report, approximately 25% of the 2019 fiscal year has passed, and revenues to date for the program are \$64,644.03, or 12.9% of projected revenues, and expenses are also running less than budgeted amounts.

For the current fiscal year 2019, to adjust to the reduced revenue, the number of counselor contracts was reduced from seven to six. This is down from a high of twelve contracts in effect during the height of the foreclosure crisis in Maine.

The Legislature specifically designed the program to expand or contract to meet the needs of Maine homeowners and to stay within allocated revenues. It is too soon to accurately predict whether further reductions will be required for fiscal year 2020.