

# 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 – 22nd Report; Program  
operations and funding (For period ending June 30, 2015)**

**Date: August 26, 2015**

### **Introduction**

Title 14 M.R.S. § 6111 requires mortgage lenders and/or servicers to provide a “notice of right to cure” to any homeowner in default prior to commencing a foreclosure action in court. The section further requires the lender and/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 of the availability of state resources to assist 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 (I&FS) on the number of 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, 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 I&FS Committee and to the Joint Standing Committee on Appropriations and Financial Affairs.

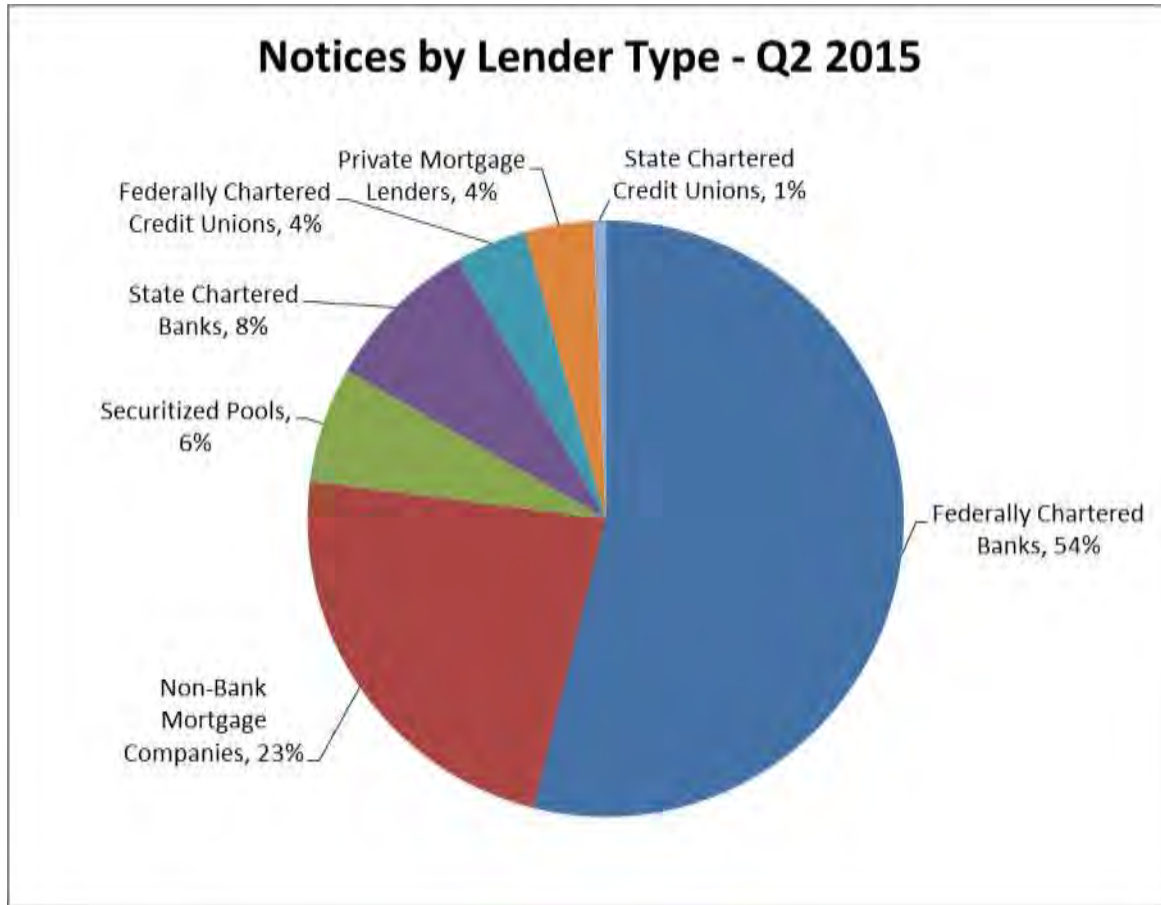
This combined report has been prepared to comply with both provisions of Title 14.

## DEFAULT NOTICES SENT TO MAINE RESIDENTS

From April 1, 2015 through June 30, 2015, the Bureau sent a total of 5,875 informational letters to homeowners who received a notice of default and right to cure from their lender. This number marks a substantial reduction from the 9,441 such letters mailed during the same period in 2014. The following chart shows the number of packets sent to homeowners by county each month from July 2014 through June 2015:

County	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
<b>Androscoggin</b>	281	242	218	243	250	183	240	208	155	129	130	183
<b>Aroostook</b>	154	108	98	90	101	96	96	89	94	59	97	88
<b>Cumberland</b>	611	512	466	422	530	395	381	390	260	340	256	364
<b>Franklin</b>	59	50	70	48	49	52	70	57	39	38	41	45
<b>Hancock</b>	104	89	87	63	84	57	66	70	58	48	76	79
<b>Kennebec</b>	346	311	269	282	326	281	277	284	232	205	201	255
<b>Knox</b>	88	77	107	77	63	46	98	88	56	66	69	50
<b>Lincoln</b>	113	77	116	82	77	61	105	78	72	57	81	92
<b>Oxford</b>	173	162	156	137	168	131	154	124	68	86	97	132
<b>Penobscot</b>	303	284	238	282	322	249	251	258	168	193	199	262
<b>Piscataquis</b>	56	44	39	37	23	25	49	28	22	22	29	19
<b>Sagadahoc</b>	99	116	111	145	112	84	102	110	68	81	69	70
<b>Somerset</b>	129	108	102	97	86	101	120	82	62	73	63	97
<b>Waldo</b>	79	69	68	66	60	54	81	55	45	37	44	51
<b>Washington</b>	68	80	72	80	56	51	116	77	71	43	69	71
<b>York</b>	554	429	406	438	505	360	439	423	279	283	268	416
<b>Total</b>	3217	2758	2623	2589	2812	2226	2645	2421	1749	1760	1789	2274

The following chart shows the percentage of notices of default sent by the various types of mortgage lenders in the last quarter:



Consistent with past reports, federally chartered banks accounted for more than half of all notices of default sent to homeowners. Maine chartered banks and credit unions accounted for less than 10% of notices of default and right to cure.

The Bureau of Financial Institutions reported that the 31 state chartered banks and credit unions held a total of 66,000 first lien mortgages in the 1<sup>st</sup> Quarter 2015, of which 227 were in the process of foreclosure. Less than one-third of 1% (.34%) of first lien mortgages were in the process of foreclosure, down from a high of .65% in June of 2011. The report states that the rate of seriously delinquent mortgages, (over 90 days delinquent) held by the 31 state chartered institutions was just over six-tenths of 1% (.67%). This compares with a rate of 5.1% for seriously delinquent mortgages for all lenders in Maine as reported by Corelogic, a global property information and analytics company in its "National Foreclosure Report." The Corelogic report did show Maine's foreclosure inventory, those first lien mortgages in some stage of foreclosure, at 2.2%, down 6 basis points from the prior year.

## FORECLOSURE FILINGS IN COURT

Foreclosure cases filed in court in Maine continue at a much lower rate following the decision of the Law Court in Bank of America v. Greenleaf, 2014 ME 189 (2014). The following chart shows filings statewide and by court:

### STATE OF MAINE JUDICIAL BRANCH CY'2015 FORECLOSURE FILINGS

Region/Court	1st Qtr Jan - Mar 2015	2nd Qtr Apr - Jun 2015	3rd Qtr Jul - Sep 2015	4th Qtr Oct - Dec 2015	CY 2015 TOTAL
<b>STATEWIDE TOTAL</b>	<b>381</b>	<b>458</b>			<b>839</b>
ALFSC	18	20			38
YORDC	4	6			10
BIDDC	10	6			16
SPRDC	18	28			46
<b>Region 1 Subtotal</b>	<b>50</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>110</b>
PORSC	34	49			83
BRIDC	3	13			16
PORDC	0	0			0
<b>Region 2 Subtotal</b>	<b>37</b>	<b>62</b>	<b>0</b>	<b>0</b>	<b>99</b>
SOPSC	12	6			18
AUBSC	29	13			42
FARSC	5	3			8
LEWDC	10	49			59
FARDC	8	13			21
RUMDC	6	7			13
LIVDC	0	0			0
SOPDC	2	5			7
<b>Region 3 Subtotal</b>	<b>72</b>	<b>96</b>	<b>0</b>	<b>0</b>	<b>168</b>
SKOSC	9	6			15
AUGSC	16	10			26
SKODC	13	23			36
WATDC	15	14			29
AUGDC	5	18			23
<b>Region 4 Subtotal</b>	<b>58</b>	<b>71</b>	<b>0</b>	<b>0</b>	<b>129</b>
DOVSC	4	1			5
BANSC	18	14			32
MILDC	0	0			0
DOVDC	5	4			9
LINDC	5	3			8
NEWDC	9	14			23
BANDC	18	32			50
<b>Region 5 Subtotal</b>	<b>59</b>	<b>68</b>	<b>0</b>	<b>0</b>	<b>127</b>

**STATE OF MAINE JUDICIAL BRANCH  
CY'2015 FORECLOSURE FILINGS**

<b>Region/Court</b>	<b>1st Qtr Jan - Mar 2015</b>	<b>2nd Qtr Apr - Jun 2015</b>	<b>3rd Qtr Jul - Sep 2015</b>	<b>4th Qtr Oct - Dec 2015</b>	<b>CY 2015 TOTAL</b>
WISSC	4	5			9
BATSC	8	2			10
ROCSC	4	4			8
BELSC	5	4			9
BELDC	15	13			28
WISDC	5	4			9
WESDC	9	12			21
ROCDC	7	9			16
<b>Region 6 Subtotal</b>	<b>57</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>110</b>
MACSC	6	4			10
ELLSC	9	6			15
BARDC	0	0			0
MACDC	5	8			13
CALDC	1	4			5
ELLDC	7	13			20
<b>Region 7 Subtotal</b>	<b>28</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>63</b>
HOUSC	0	2			2
CARSC	10	5			15
CARDC	3	0			3
HOUDC	4	2			6
MADDC	0	0			0
FORDC	1	4			5
PREDC	2	0			2
<b>Region 8 Subtotal</b>	<b>20</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>33</b>

In the first 6 months of 2015, 839 foreclosure cases were filed in Maine courts. During the same period in 2014, 2,281 foreclosure cases were filed. While the foreclosure inventory (the number of residences involved in active foreclosure) has dropped in Maine, the number of seriously delinquent loans remains high at 5.1% of loans, according to the Corelogic report. The 5.1% number places Maine at number 4 in the country in the percentage of seriously delinquent loans.

## COUNSELOR ACTIVITY

During April, May and June of 2015, Counselors under contract with the Bureau accepted 210 new households as foreclosure cases. During the same period, the counselors obtained results which allowed 190 families to remain in their homes. The results were as follows:

Residents brought mortgage current	27
Residents obtained refinancing or a reverse mortgage	4
Residents obtained a loan modification	138
Parties entered into forbearance/repayment agreement	20
Parties agreed to partial claim	1

The counselors also assisted another 38 homeowners obtain beneficial results although they were required to give up ownership of their homes. The results obtained in these cases are as follows:

Lender accepted a deed in lieu of foreclosure	19
Homeowner was able to sell property	10
Lender allowed a "short sale" (sale for less than balance owed)	9

Generally in the case of either a deed in lieu of foreclosure or a short sale, the homeowner avoids any deficiency and is given a discharge of debt.

## PROGRAM FINANCES

Pursuant to Title 14 M.R.S. § 6112(4), the statewide outreach program is funded from a transfer tax collected on foreclosure auction sales when the lender, servicer or owner of the mortgage loan purchases the property at the foreclosure sale. Revenues from the transfer tax collected, and other funds coming to the program from other sources (such as funds received from national settlements with lenders or servicers) are kept in a segregated account which may only be used to support the outreach program. At the beginning of fiscal year 2015 the balance in the account was \$896,219.73. The budgeted income for the fiscal year was \$600,000, and budgeted expenses were \$900,789. Income for fiscal year 2015 exceeded predictions, with the actual income being \$774,623.72. Expenses for the year were less than budgeted, totaling only \$774,967.54, leaving the bank balance basically unchanged from the beginning of the fiscal year. Projections indicate there will adequate funding – given cash on hand, budgeted income and reduced spending – to operate the statewide outreach program for at least the next 24 months.