

# 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 – 24th Periodic Report**

**DATE: March 4, 2016**

### **Introduction**

Title 14 M.R.S. § 6111 requires mortgage lenders and/or servicers to provide a “notice of right to cure” (also referred to herein as “default notices”) 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 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 (I&FS) 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 of Title 14.

## **DEFAULT NOTICES MAILED TO HOMEOWNERS**

The following chart shows the total number of informational packets the Bureau has mailed to homeowners who received default notices from their lenders during the last three months of calendar year 2015, as well as the breakdown of such mailings by county.

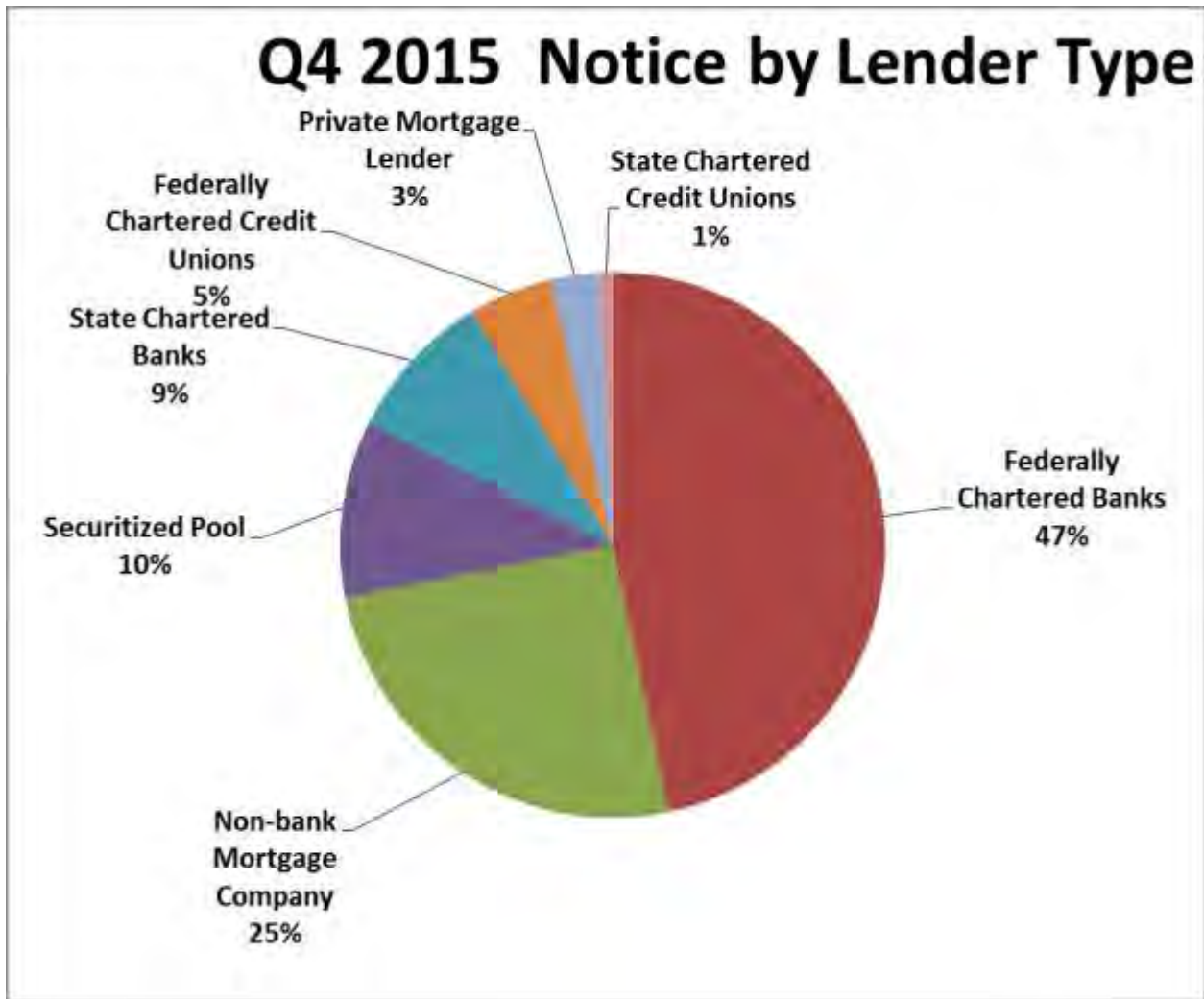
The total for the quarter was 5,960.

<b>County</b>	<b>Oct-15</b>	<b>Nov-15</b>	<b>Dec-15</b>
<b>Androscoggin</b>	160	175	185
<b>Aroostook</b>	93	103	87
<b>Cumberland</b>	314	403	249
<b>Franklin</b>	58	75	63
<b>Hancock</b>	59	79	53
<b>Kennebec</b>	188	144	166
<b>Knox</b>	61	53	37
<b>Lincoln</b>	57	37	49
<b>Oxford</b>	92	157	76
<b>Penobscot</b>	217	224	200
<b>Piscataquis</b>	53	44	38
<b>Sagadahoc</b>	95	79	60
<b>Somerset</b>	100	118	79
<b>Waldo</b>	61	86	43
<b>Washington</b>	58	75	37
<b>York</b>	313	360	347
<b>Total</b>	1979	2212	1769

The next chart shows the types of lenders issuing the notices of default and right to cure notices, and the number of notices sent by each type.

<b>Q-4 Default Notices by Lender Type</b>	
<b>Federally Chartered Banks</b>	2,784
<b>Non-bank Mortgage Company</b>	1,502
<b>Securitized Pool</b>	625
<b>State Chartered Banks</b>	533
<b>Federally Chartered Credit Unions</b>	299
<b>Private Mortgage Lender</b>	172
<b>State Chartered Credit Unions</b>	45

The following chart converts the number of filings by each type of lender into percentages.



These numbers reflect a 22% decrease from the 4<sup>th</sup> quarter of 2014, during which the Bureau mailed 7,641 informational letters to homeowners.

## FORECLOSURE CASES FILED IN COURT

Lenders filed 547 foreclosure cases in Maine courts in the 4<sup>th</sup> quarter of 2015. This continues a steady trend of increasing numbers of filings last year, as illustrated by the following chart.

Region/Court	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	CY '15
	Jan- Mar 2015	Apr- Jun 2015	Jul-Sep 2015	Oct-Dec 2015	TOTAL
<b>STATEWIDE TOTAL</b>	<b>381</b>	<b>458</b>	<b>520</b>	<b>547</b>	<b>1906</b>
Alfred Superior Court	18	20	15	9	<b>62</b>
York District Court	4	6	7	5	<b>22</b>
Biddeford District Court	10	6	23	19	<b>58</b>
Springvale District Court	18	28	25	29	<b>100</b>
<b>Region 1 Subtotal</b>	<b>50</b>	<b>60</b>	<b>70</b>	<b>62</b>	<b>242</b>
Portland Superior Court	34	49	54	50	<b>187</b>
Bridgton District Court	3	13	13	25	<b>54</b>
Portland District Court	0	0	0	0	<b>0</b>
<b>Region 2 Subtotal</b>	<b>37</b>	<b>62</b>	<b>67</b>	<b>75</b>	<b>241</b>
South Paris Superior Court	12	6	9	5	<b>32</b>
Auburn Superior Court	29	13	11	12	<b>65</b>
Farmington Superior Court	5	3	1	6	<b>15</b>
Lewiston District Court	10	49	37	35	<b>131</b>
Farmington District Court	8	13	9	9	<b>39</b>
Rumford District Court	6	7	9	16	<b>38</b>
Livermore Falls District Court	0	0	0	0	<b>0</b>
South Paris District Court	2	5	13	11	<b>31</b>
<b>Region 3 Subtotal</b>	<b>72</b>	<b>96</b>	<b>89</b>	<b>94</b>	<b>351</b>
Skowhegan Superior Court	9	6	5	11	<b>31</b>
Augusta Superior Court	16	10	12	16	<b>54</b>
Skowhegan District Court	13	23	16	26	<b>78</b>
Waterville District Court	15	14	14	22	<b>65</b>
Augusta District Court	5	18	31	24	<b>78</b>
<b>Region 4 Subtotal</b>	<b>58</b>	<b>71</b>	<b>78</b>	<b>99</b>	<b>306</b>
Dover Foxcroft Superior Court	4	1	3	1	<b>9</b>
Bangor Superior Court	18	14	28	14	<b>74</b>
Millinocket District Court	0	0	0	0	<b>0</b>
Dover Foxcroft District Court	5	4	7	11	<b>27</b>
Lincoln District Court	5	3	10	9	<b>27</b>
Newport District Court	9	14	10	17	<b>50</b>
Bangor District Court	18	32	29	37	<b>116</b>
<b>Region 5 Subtotal</b>	<b>59</b>	<b>68</b>	<b>87</b>	<b>89</b>	<b>303</b>



Region/Court	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	CY '15
	Jan- Mar 2015	Apr- Jun 2015	Jul-Sep 2015	Oct-Dec 2015	TOTAL
Wiscasset Superior Court	4	5	7	7	23
Bath Superior Court	8	2	2	2	14
Rockland Superior Court	4	4	5	7	20
Belfast Superior Court	5	4	5	4	18
Belfast District Court	15	13	13	16	57
Wiscasset District Court	5	4	10	13	32
West Bath District Court	9	12	11	10	42
Rockland District Court	7	9	8	12	36
<b>Region 6 Subtotal</b>	<b>57</b>	<b>53</b>	<b>61</b>	<b>71</b>	<b>242</b>
Machias Superior Court	6	4	1	2	13
Ellsworth Superior Court	9	6	6	7	28
Bar Harbor District Court	0	0	0	0	0
Machias District Court	5	8	3	8	24
Calais District Court	1	4	7	4	16
Ellsworth District Court	7	13	25	12	57
<b>Region 7 Subtotal</b>	<b>28</b>	<b>35</b>	<b>42</b>	<b>33</b>	<b>138</b>
Houlton Superior Court	0	2	3	3	8
Caribou Superior Court	10	5	11	15	41
Caribou District Court	3	0	2	1	6
Houlton District Court	4	2	3	1	10
Madawaska District Court	0	0	0	0	0
Fort Kent District Court	1	4	3	1	9
Presque Isle District Court	2	0	4	3	9
<b>Region 8 Subtotal</b>	<b>20</b>	<b>13</b>	<b>26</b>	<b>24</b>	<b>83</b>

The 1,906 foreclosure cases filed in Maine courts in 2015 are far fewer than were filed in calendar year 2014 (see 2014 chart below, showing a total of 3,118 cases filed that year). The steep drop-off in numbers was the result of the Maine Law Court's decision on July 3, 2014 in the case of *Bank of America v. Greenleaf*, 2014 ME 189 (2014). The *Greenleaf* case raised a number of requirements for large national lenders and servicers to meet before they could bring and successfully litigate foreclosure actions. However, the banks are apparently learning how to meet those requirements, as shown by the four successive quarters of increased foreclosure filings. Anecdotal evidence received by the Bureau from attorneys who represent lenders and servicers in foreclosure actions indicates there are still large numbers of foreclosure cases to be filed

### CY 2014 Cases Filed

Region/Court	1st Qtr Jan- Mar 2014	2nd Qtr Apr- Jun 2014	3rd Qtr Jul-Sep 2014	4th Qtr Oct-Dec 2014	CY 2014 TOTAL
STATEWIDE TOTAL	1136	1145	460	377	3118

## **INFORMATION FROM THE BUREAU OF FINANCIAL INSTITUTIONS AND NATIONAL SOURCES**

The Bureau of Financial Institutions (BFI), in its *2016 Annual Report to the Legislature* dated 1/15/2016, reported that as of September 30, 2015, the 31 Maine chartered banks and credit unions held 68,400 residential first lien mortgages. Of these mortgages, 229, or .33% (1/3<sup>rd</sup> of 1%), were in the process of foreclosure. BFI reported that the number had remained stable over the last 4 quarters, averaging 227 per quarter or .34%. The report further indicated that the number of residential first lien mortgages held by Maine chartered institutions which were seriously delinquent (more than 90 days in arrears) stood at .69%.

The Bureau of Financial Institutions also reported that Maine-chartered institutions initiated 43 foreclosure actions in the 3<sup>rd</sup> quarter of 2015, indicating a reduction from the 4-quarter average of 49 foreclosure filings per quarter. The report further stated that the state-chartered institutions completed 25 foreclosures in the quarter, which was again consistent with a 4 quarter average of 24 completed foreclosures per quarter.

Corelogic, a global property information and analytics company in its *National Foreclosure Report* for December 2015 reported Maine's overall rate of loans in the process of foreclosure at 2%, 6 times the rate for Maine-chartered institutions. This number remains unchanged over the last year. Corelogic reported that the number of loans in Maine which were seriously delinquent dropped from 5.5% one year ago to 4.7% as of the end of December. While an improvement, this number is still almost 7 times the rate of seriously delinquent loans held by the state chartered institutions. The report also indicates that there were 806 foreclosures completed in Maine in 2015.

### **THE BUREAU'S OUTREACH PROGRAM UNDER 14 M.R.S. §6112**

Housing counselors under contract with the Bureau undertook a total of 243 new cases in the 4<sup>th</sup> quarter of 2015. 112 cases were direct referrals from the Bureau, 47 were self-referrals resulting from the informational letters mailed to homeowners by the Bureau, and 84 came from other sources, such as referrals from Congressional Offices or word of mouth from other clients.

During the quarter, the contracted counselors achieved results for 73 homeowners which allowed them to remain in their home. 13 homeowners were successful in bringing their loans current, 1 obtained a refinance, 8 entered repayment plans, 1 received a 2<sup>nd</sup> mortgage, and 50 obtained modification of their loan, changing the terms to make the monthly payments more affordable.

Fifteen other resolutions benefited consumers despite the fact that the consumers were not able to retain ownership of their homes, such as, for example, having lenders agree to waive any remaining debts (deficiency balances) for which the consumers would otherwise be responsible and liable. These alternate resolutions included acceptance of deeds in lieu of foreclosure in 6 cases (in which the lender accepts a deed from the homeowner in satisfaction of

the mortgage), short sales in 4 cases (the lender agrees to permit a sale of the property by the homeowner for less than is owed on the mortgage), and 5 cases in which the homeowner was able to sell the property and pay the mortgage in full.

## **FINANCIAL CONDITION OF THE OUTREACH PROGRAM**

The Outreach Program began fiscal year 2016 with cash reserves of \$903,155. The budgeted expenditures for the year are \$860,000, and revenue is budgeted at \$600,000. On December 31, 2015, through the first half of the current fiscal year, the program had revenue of \$265,874, slightly under budget, while expenditures (primarily counselor contracts, printing and postage) were at 49.3% of budgeted amounts.

Assuming the second half of the fiscal year is consistent with the first half, the program will end the fiscal year on June 30<sup>th</sup> with approximately \$500,000 in reserves, permitting the program to continue into FY 2017. Projected revenues are approximately one-half of the funds received in FY 2016, but the cash reserves plus the reduced revenue should allow the program to meet the needs of consumers facing foreclosure through June, 2017, without significant changes or reductions in service.