

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

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

**RE: Foreclosure Assistance and Referral Program – 27th Periodic Report
Covering 3rd Quarter, Calendar Year 2016**

DATE: November 30, 2016

INTRODUCTION

Title 14 M.R.S. §6111 requires mortgage lenders and servicers to provide a “notice of right to cure default” (also referred to herein as a “default notice”) to any homeowner who is behind in mortgage payments, 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 defaulting 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 also 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 the types of creditors that are initiating foreclosures (*e.g.*, national banks, non-bank mortgage companies; investment trusts).

DEFAULT NOTICES MAILED TO HOMEOWNERS

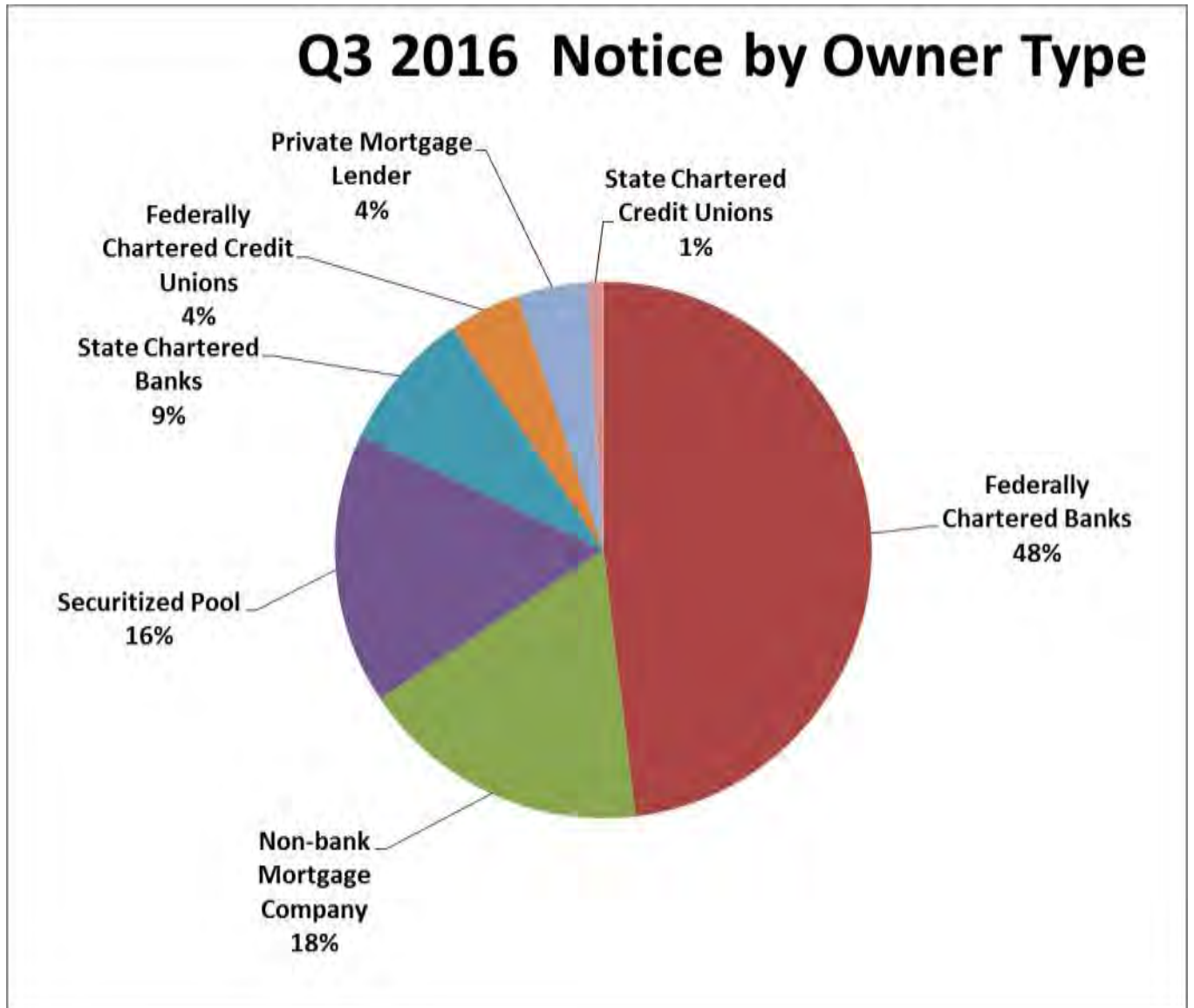
The Bureau mailed packets of informational material to 5,807 homeowners who received notices of right to cure from their lenders during July, August and September of 2016. The mailings by county are broken down in the following chart:

County	Jul-16	Aug-16	Sep-16
Androscoggin	152	192	211
Aroostook	46	93	108
Cumberland	279	342	308
Franklin	43	46	33
Hancock	62	65	59
Kennebec	155	176	154
Knox	46	41	26
Lincoln	82	73	59
Oxford	118	122	117
Penobscot	199	228	241
Piscataquis	17	33	24
Sagadahoc	89	74	96
Somerset	74	85	89
Waldo	54	78	57
Washington	44	57	47
York	340	407	335
Total	1800	2112	1964

The next chart shows the breakdown of notices sent by type of entity.

Type	Jul-16	Aug-16	Sep-16
Federally Chartered Banks	866	923	1003
Non-bank Mortgage Company	372	267	381
Securitized Pool	198	529	223
State Chartered Banks	157	181	157
Federally Chartered Credit Unions	59	102	87
Private Mortgage Lender	59	90	96
State Chartered Credit Unions	20	20	17
Total:	1731	2112	1964

The last chart in this section shows the number of notices filed by each type of entity as a percentage of the total number of notices filed for the quarter.



The number of notices sent for the third quarter of 2016 is consistent with the number for the same period one year ago, when lenders and servicers mailed default notices to 5,728 packets Maine homeowners.

FORECLOSURE CASES FILED IN COURT

During July, August and September of 2016, lenders and servicers filed 633 new foreclosure cases in Maine courts, a reduction from the 891 in the prior quarter. This marked the first quarter since the fourth quarter of CY 2014 in which the number of foreclosure filings decreased. The information for the foreclosure filings for the last year is contained in the following chart:

Region/Court	4th Qtr Oct-Dec 2015	1st Qtr Jan- Mar 2016	2nd Qtr Apr- Jun 2016	3rd Qtr Jul-Sep 2016	TOTAL
STATEWIDE TOTAL	547	705	891	633	2776
Alfred Superior Court	9	18	43	23	93
York District Court	5	7	15	14	41
Biddeford District Court	19	31	42	27	119
Springvale District Ct.	29	45	46	32	152
Region 1 Subtotal	62	101	146	96	405
Portland Superior Ct.	50	78	112	57	297
Bridgton District Court	25	24	32	20	101
Portland District Court	0	0	0	0	0
Region 2 Subtotal	75	102	144	77	398
South Paris Superior Ct.	5	10	17	9	41
Auburn Superior Court	12	15	20	13	60
Farmington Sup. Ct.	6	4	3	4	17
Lewiston District Court	35	51	56	38	180
Farmington District Ct.	9	20	12	14	55
Rumford District Court	16	5	19	12	52
Livermore Falls Dist. Ct.	0	0	0	0	0
South Paris District Ct.t	11	11	15	10	47
Region 3 Subtotal	94	116	142	100	452
Skowhegan Sup'r Ct.	11	5	12	10	38
Augusta Superior Court	16	15	19	11	61
Skowhegan District Ct.	26	29	44	18	117
Waterville District Ct.	22	19	23	20	84
Augusta District Court	24	39	34	31	128
Region 4 Subtotal	99	107	132	90	428
Dover-Foxcroft Sup. Ct.	1	1	4	1	7
Bangor Superior Court	14	21	32	19	86
Millinocket District Ct	0	0	0	0	0
Dover Foxcroft Dist. Ct.	11	17	8	10	46
Lincoln District Court	9	10	14	13	46
Newport District Court	17	20	16	17	70
Bangor District Court	37	45	54	54	190
Region 5 Subtotal	89	114	128	114	445

Region/Court	4th Qtr Oct-Dec 2015	1st Qtr Jan- Mar 2016	2nd Qtr Apr- Jun 2016	3rd Qtr Jul-Sep 2016	TOTAL
Wiscasset Superior Ct.	7	7	4	9	27
Bath Superior Court	2	4	8	3	17
Rockland Superior Ct.	7	3	8	5	23
Belfast Superior Court	4	7	6	6	23
Belfast District Court	16	14	25	9	64
Wiscasset District Ct.	13	10	15	12	50
West Bath District Ct.t	10	20	28	19	77
Rockland District Court	12	6	12	13	43
Region 6 Subtotal	71	71	106	76	324
Machias Superior Court	2	5	5	3	15
Ellsworth Superior Ct.	7	4	7	9	27
Bar Harbor District Ct.	0	0	0	0	0
Machias District Court	8	11	7	11	37
Calais District Court	4	4	7	6	21
Ellsworth District Court	12	19	23	22	76
Region 7 Subtotal	33	43	49	51	176
Houlton Superior Court	3	3	6	5	17
Caribou Superior Court	15	37	28	16	96
Caribou District Court	1	2	2	3	8
Houlton District Court	1	2	5	2	10
Madawaska District Ct.	0	0	0	0	0
Fort Kent District Court	1	2	2	0	5
Presque Isle District Ct.	3	5	1	3	12
Region 8 Subtotal	24	51	44	29	148

The number of cases filed in the third quarter of 2016 is higher than the same period last year, when 520 foreclosure cases were filed in court.

INFORMATION FROM NATIONAL SOURCES

In its *National Foreclosure Report* for September 2016, Corelogic, a global property information and analytics company, reported that the national foreclosure inventory – those homes in some stage of foreclosure – dropped 31% from a year previously. Maine’s foreclosure inventory, while still among the highest in the country, dropped to 1.8%, from 2.1% in 2015 and 2.7% in 2014.

In addition Maine's "seriously delinquent rate" – those loans 90 or more days past due – dropped to 3.8%, down from 4.9% a year ago. Unfortunately, even with the drop in the seriously delinquent rate, Maine still ranks second in the country for the percentage of loans seriously in default.

STATEWIDE OUTREACH PROGRAM

During the third quarter of CY 2016, counselors under contract with the Bureau undertook representation of 239 homeowners who were in the process of foreclosure. This number is little changed from last year, when the counselors initiated services to 251 new homeowners.

During the third quarter, counselors under contract with the Bureau assisted 59 homeowners to obtain resolutions that allowed them to remain in their homes. Forty-five homeowners received modifications of their loans; six households were able to bring their loans current; 4 refinanced their defaulted loans or obtained a reverse mortgage; 3 obtained a forbearance agreement through which repayment of their loan arrearage was deferred; and one received a partial claim payment from a loan guarantor to bring the loan current.

In addition to results that allowed homeowners to remain in their homes, the counselors also assisted 13 homeowners with foreclosure alternatives, thereby minimizing the effects of the loss of their homes. Six homeowners resolved their foreclosures by executing a deed in lieu of foreclosure to the lender, and two were able to sell their homes through short sales. In the case of both deeds in lieu and short sales, any deficiency balances on the loans were waived. Finally, 5 homeowners were able to sell their homes and pay off their mortgages in full.