

MAINE STATE LEGISLATURE

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**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 – 30th Periodic Report

DATE: September 12, 2017

Introduction

Title 14 M.R.S. § 6111 requires mortgage lenders and servicers to provide a “notice of right to cure” (also referred to as a “default notice”) to any homeowner in default, prior to commencing a foreclosure action in court. The section further requires lenders or servicers 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 during 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 or servicers. 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; and 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 – §6111 and §6112.

PROGRAM ACTIVITY APRIL-JUNE, 2017

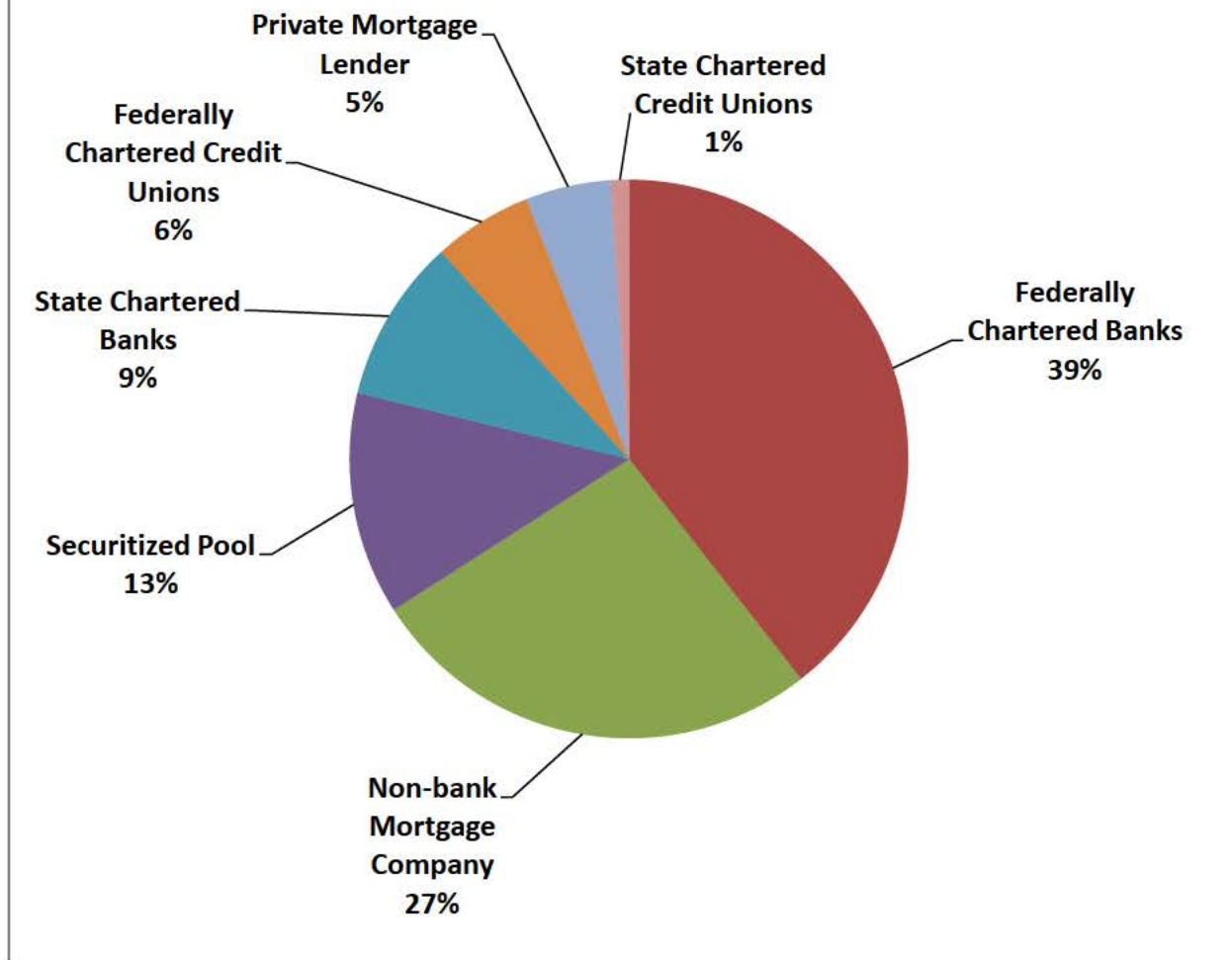
During the three-month period April through June, 2017, the Bureau mailed informational packets to 4,848 homeowners who had received notices of default and right to cure from their lenders or servicers.

The types of entities sending notices of default and right to cure broke down as follows.

Type	Apr-17	May-17	Jun-17
Federally Chartered Banks	518	668	726
Non-bank Mortgage Companies	318	572	394
Securitized Pools	217	158	250
State Chartered Banks	132	167	160
Federally Chartered Credit Unions	81	80	117
Private Mortgage Lenders	78	77	85
State Chartered Credit Unions	12	18	20
Total:	1356	1740	1752

The following pie chart categorizes the default notices received by percentage for each type of lender/servicer.

Q2 2017 Notice by Owner Type



FORECLOSURE ACTIVITY IN THE COURTS

Foreclosure activity (cases filed) in the courts remained steady in the second quarter of 2017. The following chart shows the number of foreclosure cases filed statewide and in each court in the state in April, May and June of 2017 as well as the three previous quarters.

Region/Court	3rd Qtr Jul- Sep 2016	4th Qtr Oct- Dec 2016	1st Qtr Jan- Mar 2017	2nd Qtr Apr- Jun 2017	TOTAL
STATEWIDE TOTAL	633	590	625	589	2437
Alfred Superior Court	23	14	12	19	68
York District Court	14	21	8	10	53
Biddeford District Court	27	31	20	22	100
Springvale District Court	32	40	38	42	152
Region 1 Subtotal	96	106	78	93	373
Portland Superior Court	57	56	56	64	233
Bridgton District Court	20	22	19	26	87
Portland District Court	0	0	0	1	1
Region 2 Subtotal	77	78	75	91	321
South Paris Superior Court	9	5	11	8	33
Auburn Superior Court	13	16	13	17	59
Farmington Superior Court	4	2	2	2	10
Lewiston District Court	38	45	52	46	181
Farmington District Court	14	8	21	11	54
Rumford District Court	12	9	10	13	44
Livermore Falls District Court	0	0	0	0	0
South Paris District Court	10	15	15	10	50
Region 3 Subtotal	100	100	124	107	431
Skowhegan Superior Court	10	8	8	7	33
Augusta Superior Court	11	14	17	21	63
Skowhegan District Court	18	21	19	24	82
Waterville District Court	20	14	24	17	75

Augusta District Court	31	24	26	22	103
Region 4 Subtotal	90	81	94	91	356
Dover Foxcroft Superior Court	1	3	3	2	9
Bangor Superior Court	19	23	21	27	90
Millinocket District Court	0	0	0	0	0
Dover Foxcroft District Court	10	8	17	5	40
Lincoln District Court	13	5	10	18	46
Newport District Court	17	9	13	11	50
Bangor District Court	54	52	40	32	178
Region 5 Subtotal	114	100	104	95	413
Wiscasset Superior Court	9	1	4	3	17
Bath Superior Court	3	0	5	2	10
Rockland Superior Court	5	1	2	2	10
Belfast Superior Court	6	4	5	3	18
Belfast District Court	9	14	7	12	42
Wiscasset District Court	12	12	14	11	49
West Bath District Court	19	17	11	14	61
Rockland District Court	13	10	18	10	51
Region 6 Subtotal	76	59	66	57	258
Machias Superior Court	3	4	4	3	14
Ellsworth Superior Court	9	3	5	4	21
Bar Harbor District Court	0	0	0	0	0
Machias District Court	11	10	6	8	35
Calais District Court	6	5	2	2	15
Ellsworth District Court	22	12	27	18	79
Region 7 Subtotal	51	34	44	35	164
Houlton Superior Court	5	4	6	1	16
Caribou Superior Court	16	19	18	16	69

Caribou District Court	3	5	6	0	14
Houlton District Court	2	1	3	1	7
Madawaska District Court	0	0	0	0	0
Fort Kent District Court	0	1	3	1	5
Presque Isle District Court	3	2	4	1	10
Region 8 Subtotal	29	32	40	20	121

INFORMATION FROM NATIONAL SOURCES

Corelogic, a global property information and analytics company, in its “*Loan Performance Insights for May, 2017*,” provided the following data regarding Maine foreclosures:

Maine

May	2016	2017	Difference
30+ Days Delinquent	6.8%	5.7%	-1.1%
90+ Days Delinquent	4.0%	3.1%	-0.9%
Foreclosure Rate	1.9%	1.5%	-0.4%

These numbers, while positive, still indicate the foreclosure risk remains high, given that more than 3% of first lien home mortgages are over 90 days in arrears.

STATEWIDE OUTREACH ACTIVITY

During April, May and June of 2017 the Bureau assigned 76 cases to counselors under contract. In addition, the counselors undertook representation of an additional 75 homeowners who contacted them directly as a result of receiving the Bureau's foreclosure outreach packets, and 70 more cases were received as the result of referrals from other sources, such as U. S. Senate or House Offices, other state agencies or municipal social services offices. The total new caseload from all sources was 221 households referred.

In the same timeframe, counselors under contract with the Bureau assisted 63 homeowners with outcomes which kept them in their homes. Outcomes were categorized as follows:

Homeowners brought mortgage current	10
Consumers refinanced, or rec'd a reverse mortgage	3
Consumer rec'd a loan modification	49
Consumer entered into repayment plan	1

The counselors also assisted 5 homeowners with resolutions which, while not allowing them to retain their homes, minimized the lasting economic effects of the foreclosure. These resolutions were:

Lender accepted a deed-in-lieu of foreclosure	2
Consumer sold property to satisfy mortgage	2
Lender agreed to accept "short sale" proceeds	1

FINANCIAL PERFORMANCE OF THE PROGRAM

Projected revenue for fiscal year 2017 from real estate transfer taxes (the main source of funding for the program) was \$600,000. Actual revenues for the year totaled only \$444,895.68. However, the Bureau received \$300,000 from a national mortgage servicing settlement, and also received a refund of fees paid for counseling contracts with Maine State Housing which were not expended by MSHA before they terminated their contract. The program ended fiscal year 2017 with a cash balance of \$698,715.19.

In order to ensure the program could operate for the current fiscal year in the

face of falling transfer tax revenues, the Bureau made several changes which will reduce the budgeted expenditures. These changes included reducing the number of counselor contracts from 12 to 8, a savings of \$160,000, and supplementing the program's personnel expenses with resources from the Bureau's general budget. Additional reductions and cuts to the program will likely be required in the future, to mirror reduced revenues as well as anticipated reduced demand from homeowners for the program's counseling referrals.