

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 – 32nd Periodic Report

DATE: April 9, 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 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 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.



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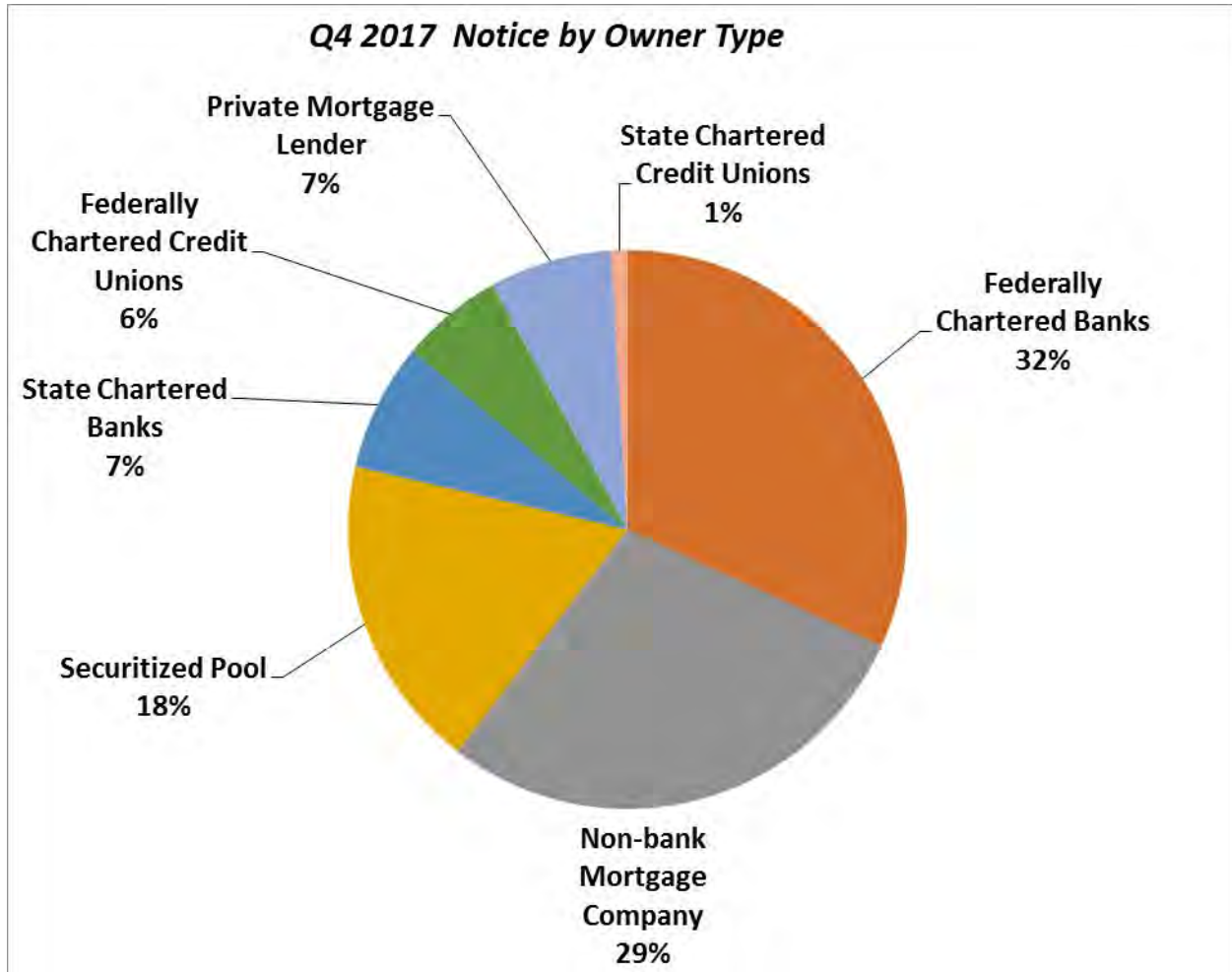
Default Notices Mailed to Homeowners

The following chart shows the number and breakdown of default notices filed by different types of creditors in the last quarter.

Type	Oct-17	Nov-17	Dec-17	Total
Federally Chartered Banks	663	533	420	1616
Non-bank Mortgage Company	443	441	567	1451
Securitized Pool	175	284	466	925
State Chartered Banks	102	134	140	376
Federally Chartered Credit Unions	97	78	126	301
Private Mortgage Lender	126	132	103	361
State Chartered Credit Unions	12	15	20	47
Total:	1,618	1,617	1,842	5,077

For comparison purposes, during the same period in 2016 the Bureau received notice of 5,544 notices of right to cure being mailed to homeowners by lenders and/or servicers.

The pie chart which follows on the next page illustrates graphically the breakdown of notices filed by each type of lender.



The notices were broken down by county as follows:

County	Oct-17	Nov-17	Dec-17
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Androscoggin	159	157	173
Aroostook	75	45	77
Cumberland	243	290	302
Franklin	43	34	24
Hancock	58	65	52
Kennebec	154	131	172
Knox	79	33	67
Lincoln	44	67	54
Oxford	96	67	121
Penobscot	170	193	242
Piscataquis	21	28	45
Sagadahoc	88	81	54
Somerset	81	71	64
Waldo	49	50	51
Washington	35	47	46
York	223	258	298
Total	1618	1617	1842

Foreclosure Filings in Court

The following chart shows the number of foreclosure actions filed in each court in the State of Maine during calendar year 2017.

Region/Court	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	CY 2017
	Jan-Mar 2017	Apr-Jun 2017	Jul-Sep 2017	Oct-Dec 2017	TOTAL
STATEWIDE TOTAL	625	589	638	594	2,446
Alfred Superior Court	12	19	25	16	72
York District Court	8	10	15	10	43
Biddeford District Court	20	22	24	28	94
Springvale District Court	38	42	31	36	147
Region 1 Subtotal	78	93	95	90	356
Portland Superior Court	56	64	56	58	234
Bridgton District Court	19	26	25	24	94
Portland District Court	0	1	0	0	1
Region 2 Subtotal	75	91	81	82	329

South Paris Superior Court	11	8	8	6	33
Auburn Superior Court	13	17	24	7	61
Farmington Superior Court	2	2	4	3	11
Lewiston District Court	52	46	41	61	200
Farmington District Court	21	11	8	11	51
Rumford District Court	10	13	9	8	40
Livermore Falls District Court	0	0	0	0	0
South Paris District Court	15	10	13	10	48
Region 3 Subtotal	124	107	107	106	444
Skowhegan Superior Court	8	7	8	4	27
Augusta Superior Court	17	21	23	11	72
Skowhegan District Court	19	24	31	30	104
Waterville District Court	24	17	18	21	80
Augusta District Court	26	22	22	18	88
Region 4 Subtotal	94	91	102	84	371
Dover Foxcroft Superior Court	3	2	3	0	8
Bangor Superior Court	21	27	22	19	89
Millinocket District Court	0	0	0	0	0
Dover Foxcroft District Court	17	5	12	7	41
Lincoln District Court	10	18	7	15	50
Newport District Court	13	11	20	9	53
Bangor District Court	40	32	44	33	149
Region 5 Subtotal	104	95	108	83	390
Wiscasset Superior Court	4	3	6	4	17
Bath Superior Court	5	2	2	6	15
Rockland Superior Court	2	2	10	6	20
Belfast Superior Court	5	3	3	5	16
Belfast District Court	7	12	18	19	56
Wiscasset District Court	14	11	12	11	48
West Bath District Court	11	14	17	9	51
Rockland District Court	18	10	17	12	57
Region 6 Subtotal	66	57	85	72	280
Machias Superior Court	4	3	1	4	12
Ellsworth Superior Court	5	4	5	5	19
Bar Harbor District Court	0	0	0	0	0

Machias District Court	6	8	8	5	27
Calais District Court	2	2	1	7	12
Ellsworth District Court	27	18	14	19	78
Region 7 Subtotal	44	35	29	40	148
Houlton Superior Court	6	1	5	5	17
Caribou Superior Court	18	16	22	18	74
Caribou District Court	6	0	1	3	10
Houlton District Court	3	1	1	6	11
Madawaska District Court	0	0	0	0	0
Fort Kent District Court	3	1	2	2	8
Presque Isle District Court	4	1	0	3	8
Region 8 Subtotal	40	20	31	37	128

The 2,446 foreclosure cases filed in Maine courts during 2017 represent a 13% decrease from the 2,819 foreclosure cases filed in Maine courts in 2016.

Counselor Activity

The Bureau directly assigned 70 households to counselors for assistance because of calls received on the “Foreclosure Hotline” 1-888-664-2569 (1-888-NO-4-CLŌZ). An additional 36 homeowners contacted counselors directly as the result of receiving the foreclosure outreach packets mailed by the Bureau. Counselors also took on cases for 38 other homeowners based on referrals from other sources such as person-to-person referrals, U. S. Senate or Congressional Offices, State Senators and Representatives, and other government agencies.

During the last three months of 2017, counselors under contract with the Bureau assisted 43 households facing possible foreclosure remain in their homes. Ten homeowners were able to bring their mortgages current, one homeowner obtained a reverse mortgage, four homeowners entered into a forbearance or repayment agreement, and twenty-eight homeowners received loan modifications. An additional eleven 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. Six homeowners were able to obtain relief through the deed in lieu of foreclosure process, and another five were able to sell their homes and pay off their mortgages.

Information from Other Sources

Corelogic, a global property information and analytics company, in its “*Loan Performance Insights Through December, 2017*,” reported that nationwide, the percentage of loans 30 days or more delinquent remained unchanged from December of 2016, at 5.3%. The number of loans 90 days or more in arrears increased slightly from .4% to .6%. Interestingly, the

percentage of loans 120 days or more in arrears dropped from 1.9% to 1.5%, as did loans in foreclosure, from .8% to .6%.

Maine's 30 day plus delinquency rate at the end of 2017 remained slightly above the national average at 6%, but that was a .5% drop from the end of 2016. Maine's other rates also reflected drops from 2016, with 90 day plus delinquencies dropping from 3.4% to 2.8%, and foreclosures dropping from 1.7% to 1.3%.

The Corelogic report indicated that only Florida and Texas experienced year-over-year increases in serious delinquency rates, while Alaska and North Dakota remained unchanged. All other states experienced decreases in the seriously delinquent rates.

Financial Condition of the Program

The outreach program began fiscal year 2018 (on July 1, 2017) with \$698,715.19 cash on hand. Income for the year, the majority of which comes from a transfer tax on foreclosure auction sales, was budgeted at \$500,000. Expenses were budgeted at \$718,894. Using those figures, at the end of the fiscal year the program would have had cash of \$479,821.19 with revenue for the following year again projected at \$500,000 and expenses the same, meaning the program could continue at least through fiscal year 2019.

Revenues to date for fiscal year 2018, however, have only been \$279,531, or 55.9% of the budgeted amount with 72.1% of the fiscal year gone. At the current rate, revenue for the year will be \$387,699, \$112,301.00 less than projections.

Expenses, however, are also running under projections. Only \$345,275.00 in expenses have been paid to date – 48% of the budgeted amount of \$718,894.00. One counseling contract was cancelled as of January 1, 2018, because of problems staffing the counseling position, which will result in a \$20,000 savings over the amount budgeted for counselor contracts. There is currently \$123,334.00 remaining to be paid on contracted amounts for counselors for the balance of the fiscal year. Further review of the expenses to date indicates that expenses will be approximately \$526,756, or \$192,138.00 under the budgeted amount. This should leave the program with approximately \$500,000 at the end of the fiscal year. Even minimal income from transfer tax for fiscal year 2019 will allow the program to run at its current level for that year. Beyond that, the parameters of the program will need to be re-examined.