

# 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

Janet T. Mills  
GOVERNOR

William N. Lund  
SUPERINTENDENT

To: Joint Standing Committee on Health Coverage, 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 – 36th Periodic Report

Date: March 6, 2019

### 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 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 Health Coverage, 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 data 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 Health Coverage, 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

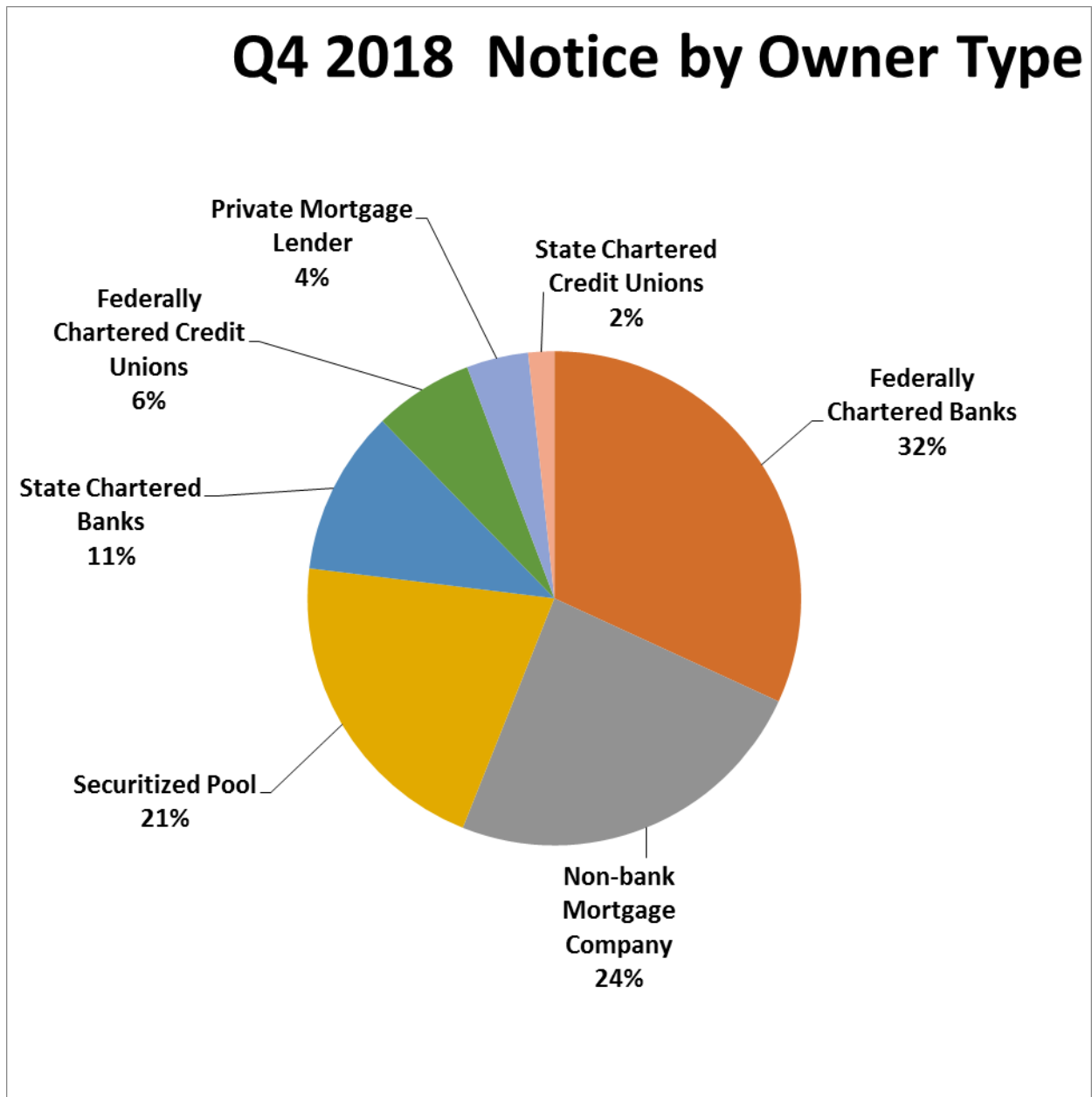
During the fourth quarter of 2018, the Bureau mailed 5,290 letters to homeowners who received notices of deficiency and right to cure from their lenders. The breakdown of such mailings by lender type is as follows:

| <b>Type</b>                              | <b>Oct-18</b> | <b>Nov-18</b> | <b>Dec-18</b> |
|--|---------------|---------------|---------------|
| <b>Federally Chartered Banks</b>         | 564           | 671           | 450           |
| <b>Non-bank Mortgage Company</b>         | 429           | 498           | 353           |
| <b>Securitized Pool</b>                  | 438           | 319           | 348           |
| <b>State Chartered Banks</b>             | 136           | 263           | 172           |
| <b>Federally Chartered Credit Unions</b> | 122           | 117           | 106           |
| <b>Private Mortgage Lender</b>           | 98            | 72            | 44            |
| <b>State Chartered Credit Unions</b>     | 31            | 42            | 17            |
|  |               |               |               |
| <b>Total:</b>                            | 1818          | 1982          | 1490          |

The notices were broken down by county as follows:

| <b>County</b>       | <b>Oct-18</b> | <b>Nov-18</b> | <b>Dec-18</b> |
|---------------------|---------------|---------------|---------------|
| <b>Androscoggin</b> | 152           | 172           | 127           |
| <b>Aroostook</b>    | 69            | 81            | 65            |
| <b>Cumberland</b>   | 321           | 317           | 234           |
| <b>Franklin</b>     | 28            | 34            | 28            |
| <b>Hancock</b>      | 46            | 65            | 71            |
| <b>Kennebec</b>     | 171           | 172           | 119           |
| <b>Knox</b>         | 57            | 55            | 43            |
| <b>Lincoln</b>      | 56            | 61            | 47            |
| <b>Oxford</b>       | 95            | 105           | 109           |
| <b>Penobscot</b>    | 222           | 247           | 182           |
| <b>Piscataquis</b>  | 22            | 40            | 14            |
| <b>Sagadahoc</b>    | 77            | 104           | 75            |
| <b>Somerset</b>     | 61            | 71            | 54            |
| <b>Waldo</b>        | 72            | 59            | 42            |
| <b>Washington</b>   | 31            | 46            | 36            |
| <b>York</b>         | 338           | 353           | 244           |
|                     |               |               |               |
| <b>Total</b>        | 1818          | 1982          | 1490          |

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



## FORECLOSURE FILINGS IN COURT

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

| <b>Region/Court</b>            | <b>1st Qtr<br/>Jan-<br/>Mar<br/>2018</b> | <b>2nd Qtr<br/>Apr- Jun<br/>2018</b> | <b>3rd Qtr<br/>Jul-Sep<br/>2018</b> | <b>4th Qtr<br/>Oct-Dec<br/>2018</b> | <b>CY 2018<br/><br/>TOTAL</b> |
|--------------------------------|--|--------------------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| <b>STATEWIDE TOTAL</b>         | <b>666</b>                               | <b>570</b>                           | <b>531</b>                          | <b>379</b>                          | <b>2,146</b>                  |
| Alfred Superior Court          | 20                                       | 15                                   | 11                                  | 7                                   | 53                            |
| York District Court            | 24                                       | 25                                   | 18                                  | 10                                  | 77                            |
| Biddeford District Court       | 45                                       | 40                                   | 40                                  | 25                                  | 150                           |
| Springvale District Court      | 10                                       | 7                                    | 14                                  | 8                                   | 39                            |
| <b>Region 1 Subtotal</b>       | <b>99</b>                                | <b>87</b>                            | <b>83</b>                           | <b>50</b>                           | <b>319</b>                    |
| Portland Superior Court        | 33                                       | 20                                   | 22                                  | 16                                  | 91                            |
| Bridgton District Court        | 2  | 0                                    | 0                                   | 0                                   | 2                             |
| Portland District Court        | 72                                       | 58                                   | 54                                  | 0                                   | 184                           |
| <b>Region 2 Subtotal</b>       | <b>107</b>                               | <b>78</b>                            | <b>76</b>                           | <b>16</b>                           | <b>277</b>                    |
| South Paris Superior Court     | 8  | 4                                    | 9                                   | 7                                   | 28                            |
| Auburn Superior Court          | 17                                       | 6                                    | 9                                   | 6                                   | 38                            |
| Farmington Superior Court      | 3  | 2                                    | 0                                   | 3                                   | 8                             |
| Lewiston District Court        | 64                                       | 53                                   | 41                                  | 28                                  | 186                           |
| Farmington District Court      | 0  | 0                                    | 0                                   | 0                                   | 0                             |
| Rumford District Court         | 15                                       | 10                                   | 4                                   | 7                                   | 36                            |
| Livermore Falls District Court | 8  | 14                                   | 10                                  | 7                                   | 39                            |
| South Paris District Court     | 6  | 4                                    | 6                                   | 6                                   | 22                            |
| <b>Region 3 Subtotal</b>       | <b>121</b>                               | <b>93</b>                            | <b>79</b>                           | <b>64</b>                           | <b>357</b>                    |
| Skowhegan Superior Court       | 25                                       | 30                                   | 17                                  | 23                                  | 95                            |
| Augusta Superior Court         | 5  | 5                                    | 16                                  | 13                                  | 39                            |
| Skowhegan District Court       | 25                                       | 17                                   | 19                                  | 14                                  | 75                            |
| Waterville District Court      | 7  | 3                                    | 4                                   | 4                                   | 18                            |
| Augusta District Court         | 26                                       | 14                                   | 19                                  | 14                                  | 73                            |
| <b>Region 4 Subtotal</b>       | <b>88</b>                                | <b>69</b>                            | <b>75</b>                           | <b>68</b>                           | <b>300</b>                    |
| Dover Foxcroft Superior Court  | 36                                       | 32                                   | 47                                  | 23                                  | 138                           |
| Bangor Superior Court          | 22                                       | 14                                   | 13                                  | 18                                  | 67                            |

|                               |            |           |           |           |            |
|-------------------------------|------------|-----------|-----------|-----------|------------|
| Millinocket District Court    | 13         | 1         | 8         | 9         | 31         |
| Dover Foxcroft District Court | 0          | 2         | 2         | 3         | 7          |
| Lincoln District Court        | 12         | 22        | 3         | 12        | 49         |
| Newport District Court        | 0          | 0         | 0         | 0         | 0          |
| Bangor District Court         | 22         | 20        | 17        | 15        | 74         |
| <b>Region 5 Subtotal</b>      | <b>105</b> | <b>91</b> | <b>90</b> | <b>80</b> | <b>366</b> |
| Wiscasset Superior Court      | 3          | 4         | 3         | 2         | 12         |
| Bath Superior Court           | 15         | 18        | 12        | 8         | 53         |
| Rockland Superior Court       | 3          | 3         | 3         | 1         | 10         |
| Belfast Superior Court        | 9          | 11        | 10        | 11        | 41         |
| Belfast District Court        | 4          | 8         | 4         | 2         | 18         |
| Wiscasset District Court      | 16         | 20        | 9         | 7         | 52         |
| West Bath District Court      | 13         | 17        | 12        | 5         | 47         |
| Rockland District Court       | 7          | 2         | 6         | 2         | 17         |
| <b>Region 6 Subtotal</b>      | <b>70</b>  | <b>83</b> | <b>59</b> | <b>38</b> | <b>250</b> |
| Machias Superior Court        | 0          | 0         | 0         | 0         | 0          |
| Ellsworth Superior Court      | 8          | 6         | 1         | 6         | 21         |
| Bar Harbor District Court     | 18         | 15        | 24        | 14        | 71         |
| Machias District Court        | 5          | 7         | 2         | 5         | 19         |
| Calais District Court         | 10         | 8         | 6         | 2         | 26         |
| Ellsworth District Court      | 1          | 3         | 12        | 15        | 31         |
| <b>Region 7 Subtotal</b>      | <b>42</b>  | <b>39</b> | <b>45</b> | <b>42</b> | <b>168</b> |
| Houlton Superior Court        | 4          | 0         | 1         | 2         | 7          |
| Caribou Superior Court        | 16         | 19        | 11        | 13        | 59         |
| Caribou District Court        | 4          | 2         | 0         | 3         | 9          |
| Houlton District Court        | 4          | 2         | 2         | 1         | 9          |
| Madawaska District Court      | 3          | 3         | 7         | 1         | 14         |
| Fort Kent District Court      | 0          | 0         | 0         | 0         | 0          |
| Presque Isle District Court   | 3          | 4         | 3         | 1         | 11         |
| <b>Region 8 Subtotal</b>      | <b>34</b>  | <b>30</b> | <b>24</b> | <b>21</b> | <b>109</b> |

## **COUNSELOR ACTIVITY**

During the months of October, November and December of 2018, counselors under contract with the Bureau assisted 43 households facing possible foreclosure remain in their homes. Nine homeowners were able to bring their mortgages current, and thirty-four homeowners received loan modifications. An additional five 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. Two homeowners were able to obtain relief through the deed-in-lieu-of-foreclosure process, one was able to sell the home and pay off the mortgage, and two sold the home by virtue of a “short sale” in which the lender allows the property to be sold for less than the outstanding loan balance.

For the quarter, the Bureau assigned 73 cases to counselors. Counselors received another 41 cases from homeowners contacting them directly as a result of receiving outreach packets in the mail from the Bureau. An additional 53 cases were referred to them from other sources, such as state or federal Senate or House offices, or from community service organizations.

## **INFORMATION FROM OTHER SOURCES**

CoreLogic, a global property information and analytics company, in its “*Loan Performance Insights Through November 2018*,” reported that nationwide, the percentage of loans 30 days or more delinquent dropped from 5.2% in November of 2017 to 4.1% in November of 2018. The number of loans 90 days or more in arrears dropped from 0.5% to 0.3%. Loans in foreclosure dropped from 0.6% to 0.4%.

Maine’s 90-day-plus delinquency rate was at 2.2%, fifth highest in the country, but still down from 2.3%, which was the rate reported by CoreLogic for Maine for October 2018.

## **FINANCIAL CONDITION OF THE PROGRAM**

The outreach program began fiscal year 2019 (on July 1, 2018) with \$590,052.35 cash on hand. Income for the year, the majority of which comes from transfer tax on foreclosure sales, was budgeted at \$500,000. Expenses for the current year are budgeted to be \$720,963. Revenues for the current year are projected at \$500,000.

As of the date of this report, approximately 68% of the fiscal year has passed, and revenues to date for the program are slightly over \$250,000, or 50% of projected revenues.

Expenses are also running under projections. Only \$256,600.00 in expenses have been paid in fiscal year 2019, 35% of the budgeted amount of \$738,582.00. For fiscal year 2019, the number of counselor contracts was reduced. Expenses for the year should be significantly less than the budgeted amount, but it is too soon to predict whether the program will have sufficient funding to continue in its present form beyond this fiscal year, or whether further reductions will need to be implemented. The program has the sum of \$551,962.04 remaining in its account as of March 6, 2019.