

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 – 38th Periodic Report

DATE: September 19, 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 information on what types of creditors are initiating foreclosures (*e.g.*, national banks, non-bank mortgage companies; investment trusts).



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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.

Default Notices Mailed to Homeowners

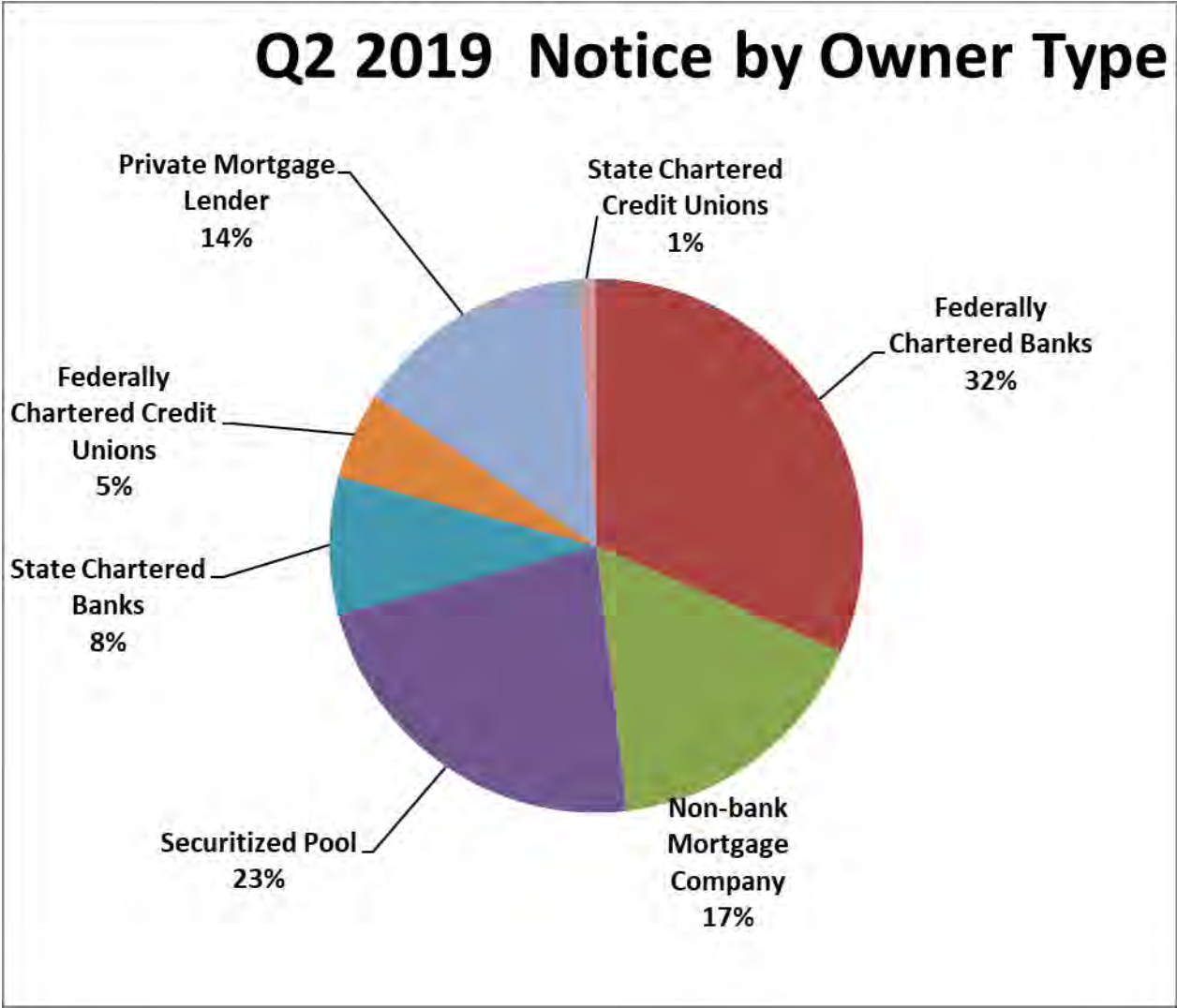
During the second quarter of 2019, the Bureau mailed 4,619 letters to homeowners who received notices of deficiency and right to cure from their lenders. The breakdown of such mailings by lender type is as follows:

Type	Apr-19	May-19	Jun-19
Federally Chartered Banks	515	468	472
Non-bank Mortgage Companies	259	302	209
Securitized Pools	344	492	211
State Chartered Banks	101	200	84
Federally Chartered Credit Unions	84	84	76
Private Mortgage Lenders	237	260	169
State Chartered Credit Unions	9	17	25
Total:	1549	1823	1246

The notices were broken down by county as follows:

County	Apr-19	May-19	Jun-19
Androscoggin	129	132	115
Aroostook	71	63	57
Cumberland	281	360	203
Franklin	29	28	21
Hancock	81	77	54
Kennebec	126	133	102
Knox	31	50	35
Lincoln	48	54	50
Oxford	83	108	68
Penobscot	170	205	129
Piscataquis	19	29	18
Sagadahoc	75	77	60
Somerset	51	54	46
Waldo	48	53	33
Washington	31	79	24
York	276	321	231
Total	1549	1823	1246

The pie chart that 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.

Region/Court	3rd Qtr Jul- Sep 2018	4th Qtr Oct- Dec 2018	1st Qtr Jan- Mar 2019	2nd Qtr Apr- Jun 2019	CY 2018 TOTAL
STATEWIDE TOTAL	531	379	389	405	1704
Alfred Superior Court	11	7	14	8	40
Biddeford District Court	18	10	15	21	64
Springvale District Court	40	25	27	18	110
York District Court	14	8	4	4	30
Region 1 Subtotal	83	50	60	51	244
Bridgton District Court	22	16	10	42	90
Portland District Court	0	0	0	0	0
Portland Superior Court	54	0	37	11	102
Region 2 Subtotal	76	16	47	53	192
Auburn Superior Court	9	7	8	4	28
Farmington District Court	9	6	10	7	32
Farmington Superior Court	0	3	1	1	5
Lewiston District Court	41	28	21	21	111
Livermore Falls District Court	0	0	0	0	0
Rumford District Court	4	7	4	4	19
South Paris District Court	10	7	6	9	32

S. Paris Superior Court	6	6	5	2	19
Region 3 Subtotal	79	64	55	48	246
Augusta District Court	17	23	16	28	84
Augusta Superior Court	16	13	8	17	54
Skowhegan District	19	14	14	12	59
Skowhegan Superior Court	4	4	6	5	19
Waterville District Court	19	14	9	9	51
Region 4 Subtotal	75	68	53	71	267
Bangor District Court	47	23	20	22	112
Bangor Superior Court	13	18	11	12	54
Dover Foxcroft District Court	8	9	10	7	34
Dover Foxcroft Superior Court	2	3	1	1	7
Lincoln District Court	3	12	9	4	28
Millinocket District Court	0	0	0	0	0
Newport District Court	17	15	11	13	56
Region 5 Subtotal	90	80	62	59	291
Bath Superior Court	3	2	2	1	8
Belfast District Court	12	8	5	12	37
Belfast Superior Court	3	1	3	8	15
Rockland District Court	10	11	9	10	40
Rockland Superior Court	4	2	5	4	15
West Bath District Court	9	7	7	14	37
Wiscasset District Court	12	5	12	3	32
Wiscasset Superior Court	6	2	6	5	19
Region 6 Subtotal	59	38	49	57	203
Bar Harbor District Court	0	0	0	0	0

Calais District Court	1	6	4	5	16
Ellsworth District Court	24	14	17	10	65
Ellsworth Superior	2	5	3	6	16
Machias District Court	6	2	5	6	19
Machias Superior Court	12	15	4	9	40
Region 7 Subtotal	45	42	33	36	156
Caribou District Court	1	2	0	2	5
Caribou Superior Court	11	13	19	23	66
Fort Kent District Court	0	3	0	0	3
Houlton District Court	2	1	3	0	6
Houlton Superior Court	7	1	6	5	19
Madawaska District Court	0	0	0	0	0
Presque Isle District Court	3	1	2	0	6
Region 8 Subtotal	24	21	30	30	105

COUNSELOR ACTIVITY

During the months of April, May and June of 2019, counselors under contract with the Bureau of Consumer Credit Protection assisted 45 households facing possible foreclosure to remain in their homes. Ten homeowners were able to bring their mortgages current; twenty-nine homeowners received loan modifications; four entered into repayment or forbearance plans; and two received FHA partial settlements. An additional eight 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 (in which the consumer deeds the property to the mortgage company and is not responsible for any deficiency balance), and two were able to sell the home and pay off their mortgages.

For the quarter, the Bureau assigned 90 cases to counselors. Counselors received an additional 96 cases that were referred to them from other sources, such as Maine Senate or House office staff, or community service organizations.

INFORMATION FROM OTHER SOURCES

CoreLogic, a property information and analytics company, in its “*Loan Performance Insights Through June, 2019*,” reported that nationwide, the percentage of loans 30 days or more delinquent dropped from 4.3% in June of 2018 to 4.0% in June of 2019. The number of loans 90 days or more in arrears remained unchanged at 0.3%. Loans in foreclosure dropped from 0.5% to 0.4%. The report did indicate that the overall delinquency rate, which was 4.0%, was the lowest for a June in at least 20 years.

Maine’s 90 day plus delinquency rate was at 2.1%, still among the highest in the country, but down from 2.5%, the rate reported by CoreLogic for June, 2018.

INFORMATION FROM THE BUREAU OF FINANCIAL INSTITUTIONS

The state’s Bureau of Financial Institutions (BFI) issued its annual foreclosure report for 2018 on June 24, 2019. The report is based solely on information obtained from 31 Maine chartered banks and credit unions regulated by BFI.

The report indicates that mortgages owned by Maine chartered financial institutions have much lower default and foreclosure numbers than for non-bank lenders or financial institutions chartered federally or by other states. BFI reported that state-chartered institutions had initiated foreclosures on only 0.15% (123 out of 81,000) of the first lien mortgage loans they held. This number is below the highest level recorded of 0.73% from 2011, and well under the 0.42% rate in 2008, when the mortgage crisis started.

BFI reported that the seriously delinquent rate (90 days or more in arrears) was .39% at the end of 2019. Maine's overall seriously delinquent rate for all loans through February of 2019 as reported by CoreLogic was 2.2%, an indication of how much better loans made by Maine chartered financial institutions are performing compared to loans made by other types of creditors.

FINANCIAL CONDITION OF THE PROGRAM

On June 30, 2019, the outreach program ended fiscal year 2019 with a positive balance of \$590,052.35. Income for fiscal year 2019, the majority of which came from transfer taxes on lenders that purchase their own properties at foreclosure sales, was budgeted at \$373,323.10. Income was budgeted at \$500,000.00. Expenses for the year had been budgeted to be \$715,248, but actual expenses were lower -- \$470,000.

As of the date of this report, approximately 21% of the fiscal year has passed, and revenues to date for the program are slightly over \$44,000.00 or 12% of projected revenues which have been reduced to \$360,000.00 for this fiscal year.

Expenses for the program have also been reduced. Some staff costs have been reallocated to the main BCCP account in recognition of the slowing of the foreclosure rate and decreasing demand for foreclosure counseling. As of September 18, 2019, the foreclosure outreach program has \$429,286.83 in its account. This amount and anticipated income should allow the program to operate in its current form for at least two more years.