

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 – 40th Periodic Report, Covering the
Period October 1, 2019 through December 31, 2019**

DATE: May 5, 2020

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 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

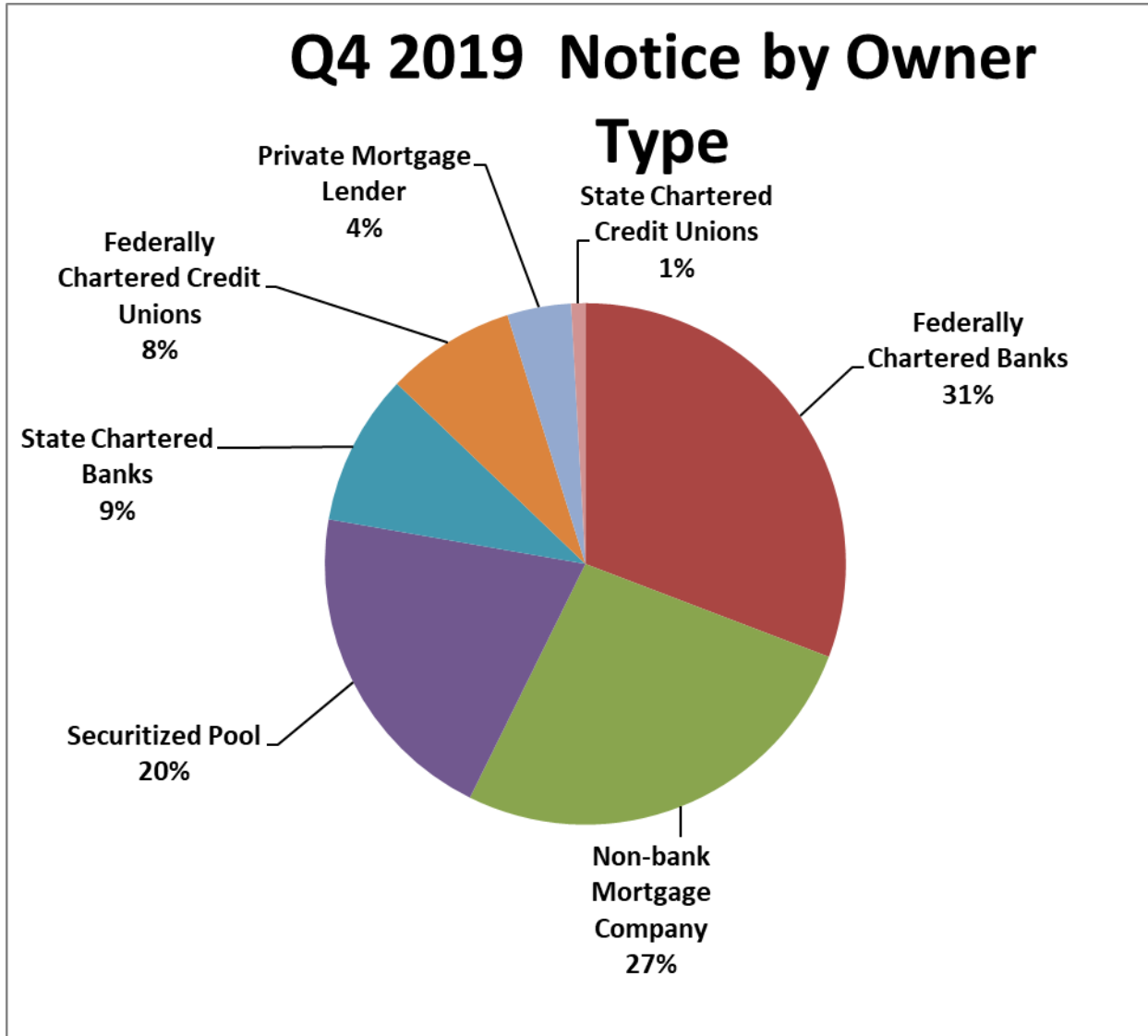
During the fourth quarter of calendar year 2019, the Bureau mailed 5,522 letters to homeowners who received notices of deficiency and right to cure from their lenders. The breakdown of such mailings by lender type is as follows:

Type	Oct-19	Nov-19	Dec-19
Federally Chartered Banks	708	533	375
Non-bank Mortgage Company	568	380	443
Securitized Pool	541	298	233
State Chartered Banks	275	249	244
Federally Chartered Credit Unions	138	151	132
Private Mortgage Lender	57	75	76
State Chartered Credit Unions	15	18	13
Total:	2302	1704	1516

The notices were broken down by county as follows:

County	Oct-19	Nov-19	Dec-19
Androscoggin	235	147	149
Aroostook	124	86	74
Cumberland	351	291	229
Franklin	42	31	60
Hancock	67	52	56
Kennebec	176	165	117
Knox	62	59	43
Lincoln	85	51	45
Oxford	113	74	89
Penobscot	268	186	176
Piscataquis	30	30	22
Sagadahoc	118	79	42
Somerset	86	65	56
Waldo	83	53	49
Washington	36	22	47
York	426	313	262
Total	2302	1704	1516

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.

Region/Court	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	CY 2019
	Jan-Mar 2019	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	TOTAL
STATEWIDE TOTAL	389	405	454	416	1664
Alfred Superior Court	14	8	9	4	35
Biddeford District Court	15	21	14	13	63
Springvale District Court	27	18	24	27	96
York District Court	4	4	6	10	24
Region 1 Subtotal	60	51	53	54	218
Bridgton District Court	10	11	20	13	54
Portland District Court	0	0	0	0	0
Portland Superior Court	37	42	45	51	175
Region 2 Subtotal	47	53	65	64	229
Auburn Superior Court	8	4	10	2	24
Farmington District Court	10	7	7	14	38
Farmington Superior Court	1	1	3	1	6
Lewiston District Court	21	21	32	27	101
Livermore Falls District Court	0	0	0	0	0
Rumford District Court	4	4	2	9	19
South Paris District Court	6	9	17	16	48
South Paris Superior Court	5	2	5	8	20
Region 3 Subtotal	55	48	76	77	256
Augusta District Court	16	28	19	11	74
Augusta Superior Court	8	17	9	12	46
Skowhegan District Court	14	12	23	17	66
Skowhegan Superior Court	6	5	4	3	18
Waterville District Court	9	9	18	6	42
Region 4 Subtotal	53	71	73	49	246
Bangor District Court	20	22	15	30	87
Bangor Superior Court	11	12	18	10	51
Dover Foxcroft District Court	10	7	8	5	30

Dover Foxcroft Superior Court	1	1	3	1	6
Lincoln District Court	9	4	10	6	29
Millinocket District Court	0	0	0	0	0
Newport District Court	11	13	11	10	45
Region 5 Subtotal	62	59	65	62	248
Bath Superior Court	2	1	4	1	8
Belfast District Court	5	12	14	15	46
Belfast Superior Court	3	8	3	1	15
Rockland District Court	9	10	6	6	31
Rockland Superior Court	5	4	5	4	18
West Bath District Court	7	14	10	13	44
Wiscasset District Court	12	3	12	10	37
Wiscasset Superior Court	6	5	3	1	15
Region 6 Subtotal	49	57	57	51	214
Bar Harbor District Court	0	0	0	0	0
Calais District Court	4	5	4	6	19
Ellsworth District Court	17	10	17	15	59
Ellsworth Superior Court	3	6	4	1	14
Machias District Court	5	6	8	3	22
Machias Superior Court	4	9	4	6	23
Region 7 Subtotal	33	36	37	31	137
Caribou District Court	0	2	2	1	5
Caribou Superior Court	19	23	15	21	78
Fort Kent District Court	0	0	1	0	1
Houlton District Court	3	0	0	2	5
Houlton Superior Court	6	5	9	2	22
Madawaska District Court	0	0	0	0	0
Presque Isle District Court	2	0	1	2	5
Region 8 Subtotal	30	30	28	28	116

COUNSELOR ACTIVITY

During the months of October, November and December of 2019, counselors under contract with the Bureau assisted 48 households facing possible foreclosure remain in their homes. Eleven homeowners were able to bring their mortgages current, nineteen homeowners received loan modifications, five homeowners were able to refinance, five obtained a second mortgage, two were granted a forbearance or repayment plan and five received an FHA partial claim payment to bring the mortgage current. An additional 12 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. Five homeowners were able to obtain relief through the deed-in-lieu-of-foreclosure process, four were able to sell the home and pay off the mortgage and three 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 75 cases to counselors. Counselors received an additional 67 cases which were referred to them from other sources such as State Senate or House of Representatives offices, or from community service organizations.

INFORMATION FROM OTHER SOURCES

Corelogic, a global property information and analytics company, in its “*Loan Performance Insights Through December, 2019*,” reported that nationwide, the percentage of loans 30 days or more delinquent dropped from 4.1% in December of 2018 to 3.7% in December of 2019. The number of loans 90 days or more in arrears remained at 0.3%. Loans in foreclosure dropped from 0.6% to 0.4%.

Maine’s 90 day plus delinquency rate was at 1.9%, fourth highest in the country, unchanged from the rate reported by Corelogic for December, 2018.

FINANCIAL CONDITION OF THE PROGRAM

The outreach program began fiscal year 2020 (on July 1, 2019) with \$590,052.35 cash on hand. Income for the period July 1, 2019 through December 31, 2019, the majority of which comes from transfer tax on foreclosure sales, was \$157,251.91. Expenses for the same period totaled \$124,099.65. Revenues for the current year are budgeted at \$360,000.00.

As April 9, 2020, approximately 77% of the fiscal year has passed, and revenues to date for the program are slightly over \$242,500.00, or 67% of projected revenues.

The program has the sum of \$530,462.96 remaining in its account as of April 9, 2020. There are outstanding obligations for counselling contracts through the end of the fiscal year of \$123,750, and given the ongoing Covid 19 restrictions, the Bureau does not anticipate the receipt of significant amounts from transfer tax from foreclosure sales for the remainder of this fiscal year.

The Bureau believes current unemployment related to the Covid 19 virus will increase the demand for services in the coming 12 to 18 months.