

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

FROM: William N. Lund, Superintendent
Bureau of Consumer Credit Protection

RE: Foreclosure Assistance and Referral Program – 43rd Periodic Report
(Covering the period July 1, 2020 through September 30, 2020)

DATE: January 12, 2021

INTRODUCTION

Title 14 M.R.S. § 6111 requires mortgage lenders and/or 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 and/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 (HCIFS) listing the number of default notices sent to Maine residents by their lenders or servicers. In addition, each report provides information on what types of creditors are initiating foreclosures in Maine, including those actions filed by national banks, non-bank mortgage companies and investment trusts, as well as statistics on the foreclosure activity of state-chartered banks, using data provided by Maine’s Bureau of Financial Institutions.



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DEFAULT NOTICES MAILED TO HOMEOWNERS

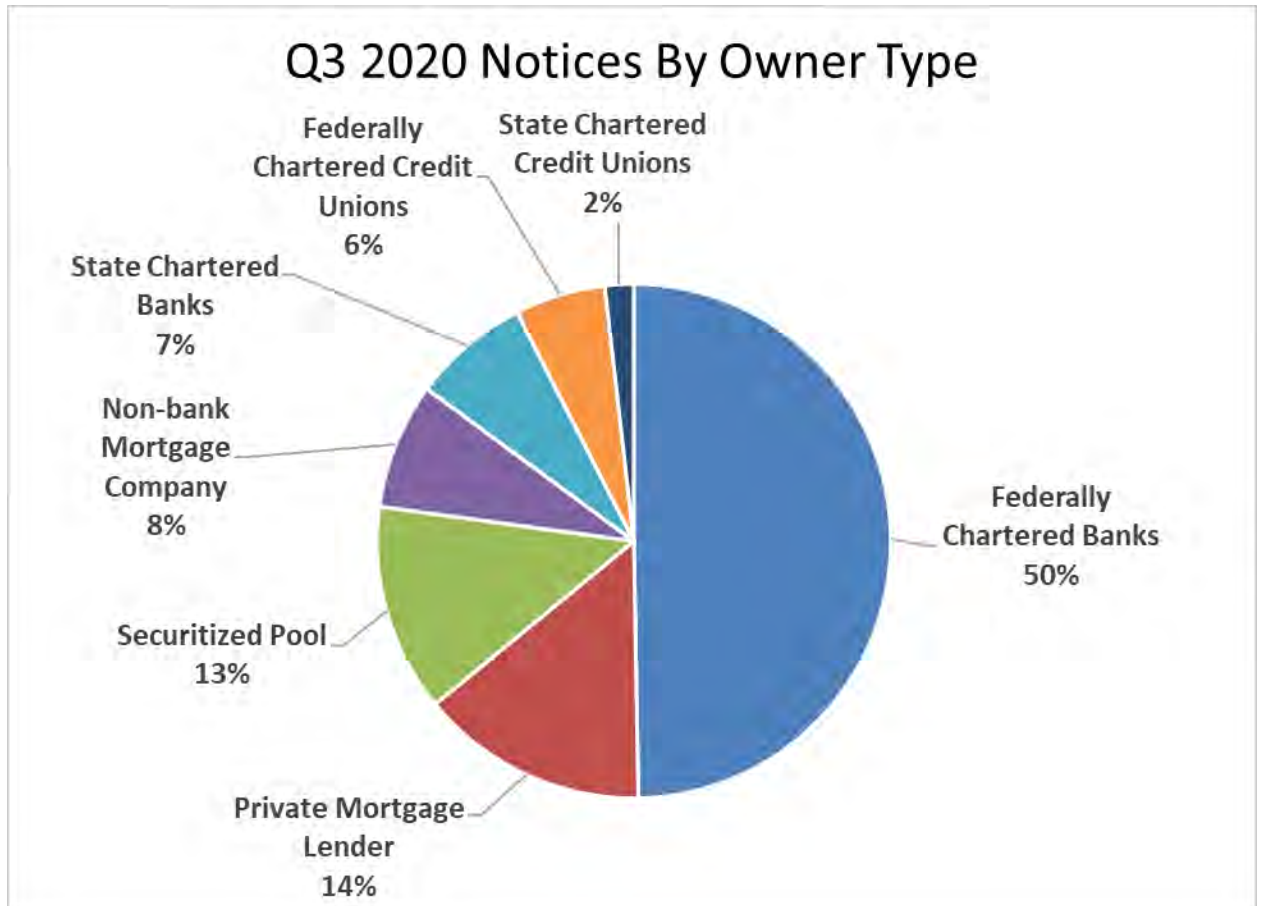
The following chart shows the number and breakdown of default notices filed by different types of creditors in the last quarter.

Type	Jul-20	Aug-20	Sep-20	Total
Federally Chartered Banks	119	118	120	357
Private Mortgage Lender	35	33	35	103
State Chartered Banks	14	20	19	53
Non-bank Mortgage Company	36	17	4	57
Federally Chartered Credit Unions	15	17	9	41
State Chartered Credit Unions	5	6	2	13
Securitized Pool	11	5	78	94

The next chart shows the number of default notices filed by county for the quarter.

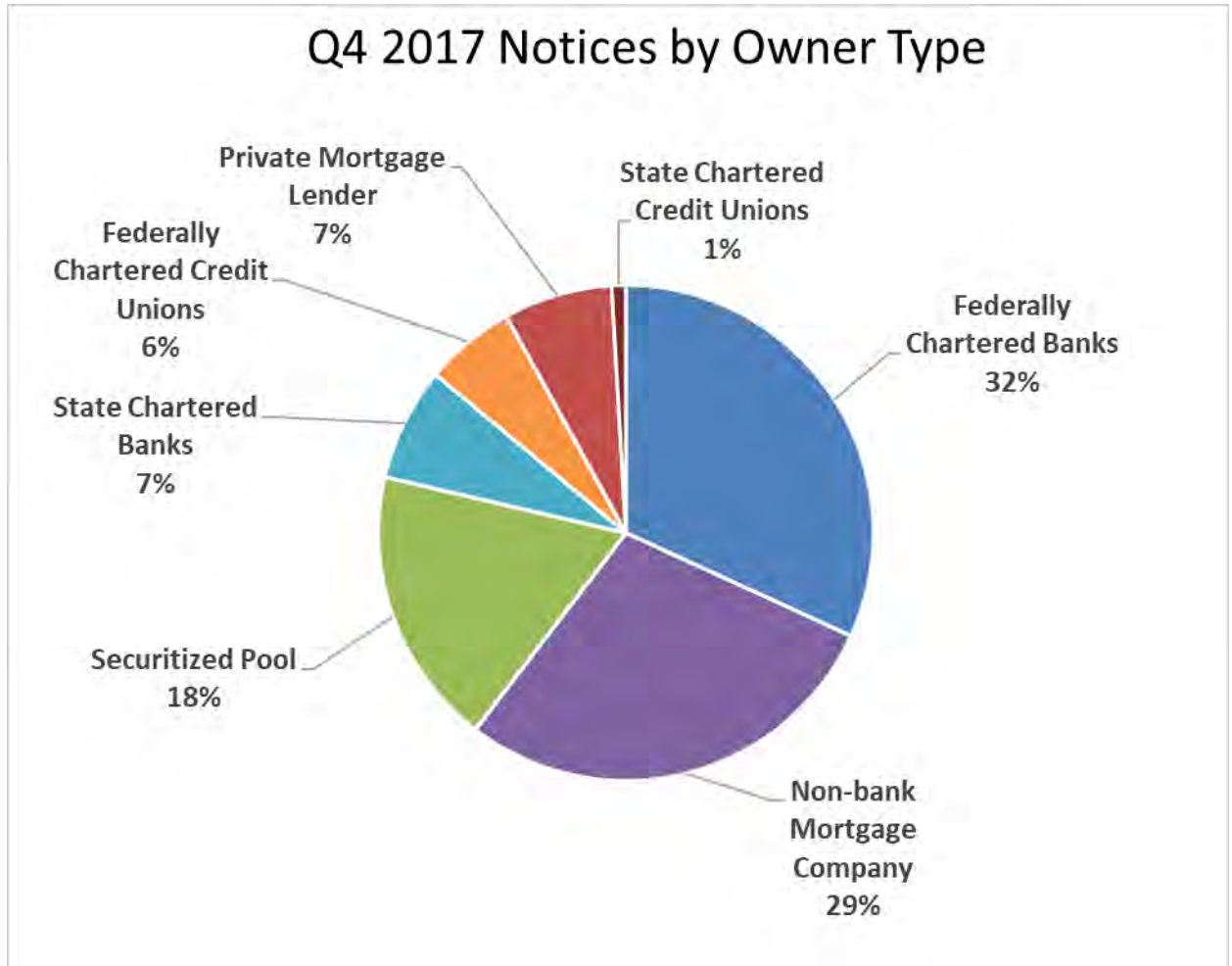
County	Jul-20	Aug-20	Sep-20
Androscoggin	7	23	17
Aroostook	14	13	17
Cumberland	37	14	41
Franklin	1	2	9
Hancock	16	15	8
Kennebec	16	17	21
Knox	6	16	7
Lincoln	11	9	17
Oxford	13	20	17
Penobscot	33	22	27
Piscataquis	1	5	2
Sagadahoc	22	24	29
Somerset	8	4	2
Waldo	6	6	8
Washington	6	3	4
York	38	23	41
Total	235	216	267

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



Following is a similar chart from 2017. A comparison between the two charts reveals significant changes in the percentages of notices sent by different types of lending and servicing entities. In prior years, federally chartered banks have accounted for between 27% and 35% of notices sent. For the 3rd quarter of 2020 (see above), they accounted for 50% of the notices mailed. The bureau has requested that residential mortgage lenders and servicers not send notices of right to cure while restrictions based on the COVID-19 pandemic are in place. While lenders and servicers licensed and regulated by the Bureau of Consumer Credit Protection and the Maine Bureau of Financial Institutions have generally honored that request, it is apparent that federally chartered banks that are not regulated at the state level have not achieved the same level of voluntary compliance with the state's request.

For purposes of comparison, here is the chart showing default notice percentages by business type, from the 4th quarter in 2017:



FORECLOSURE CASES FILED IN COURT

The following chart shows the total number of foreclosure cases filed in court in the last 12 months by quarter, as well as a breakdown of the number filed in each court in the state. The drop-off from the end of 2019 through September of 2020 based on the COVID-19 pandemic and restrictions enacted in response thereto is clear from the numbers provided (see additional notes in the “COVID-19” which appears two sections below in this report).

Region/Court	4 th Qtr Oct-Dec 2019	1 st Qtr Jan- Mar 2020	2 nd Qtr Apr- Jun 2020	3 rd Qtr Jul-Sep 2020	CY 2020 TOTAL
STATEWIDE TOTAL	416	347	69	68	900
Alfred Superior Court	4	9	4	1	18
Biddeford District Court	13	13	3	1	30
Springvale District Court	27	28	3	4	62
York District Court	10	5	1	2	18
Region 1 Subtotal	54	55	11	8	128
Bridgton District Court	13	13	3	2	31
Portland District Court	0	0	1	0	1
Portland Superior Court	51	29	5	5	90
Region 2 Subtotal	64	42	9	7	122
Auburn Superior Court	2	6	0	1	9
Farmington District Court	14	5	2	2	23
Farmington Superior Court	1	1	0	0	2
Lewiston District Court	27	25	4	3	59
Livermore Falls District Court	0	0	0	0	0
Rumford District Court	9	5	0	1	15
South Paris District Court	16	4	2	0	22
South Paris Superior Court	8	4	1	4	17
Region 3 Subtotal	77	50	9	11	147
Augusta District Court	11	21	1	2	35
Augusta Superior Court	12	7	1	0	20
Skowhegan District Court	17	11	7	1	36
Skowhegan Superior Court	3	3	0	0	6
Waterville District Court	6	10	2	2	20
Region 4 Subtotal	49	52	11	5	117
Bangor District Court	30	22	4	5	61
Bangor Superior Court	10	8	0	2	20
Dover Foxcroft District Court	5	8	1	0	14
Dover Foxcroft Superior Court	1	1	1	1	4
Lincoln District Court	6	10	1	2	19
Millinocket District Court	0	0	0	0	0
Newport District Court	10	9	3	0	22
Region 5 Subtotal	62	58	10	10	140
Bath Superior Court	1	1	0	0	2

Belfast District Court	15	6	2	1	24
Belfast Superior Court	1	4	0	2	7
Rockland District Court	6	4	1	1	12
Rockland Superior Court	4	5	0	1	10
West Bath District Court	13	4	4	1	22
Wiscasset District Court	10	8	0	2	20
Wiscasset Superior Court	1	0	0	2	3
Region 6 Subtotal	51	32	7	10	100
Bar Harbor District Court	0	0	0	0	0
Calais District Court	6	3	0	2	11
Ellsworth District Court	15	9	3	3	30
Ellsworth Superior Court	1	4	0	4	9
Machias District Court	3	4	1	0	8
Machias Superior Court	6	7	0	2	15
Region 7 Subtotal	31	27	4	11	73
Caribou District Court	1	4	0	0	5
Caribou Superior Court	21	15	7	4	47
Fort Kent District Court	0	1	0	0	1
Houlton District Court	2	0	1	0	3
Houlton Superior Court	2	5	0	1	8
Madawaska District Court	0	0	0	0	0
Presque Isle District Court	2	6	0	1	9
Region 8 Subtotal	28	31	8	6	73

COVID-19

Residential mortgage foreclosures in Maine and the rest of the United States have been almost non-existent for the last nine months because of moratoria resulting from the COVID-19 pandemic. Homeowners who were unable to pay their mortgages as they came due were granted forbearances, most of which are still in effect. The current concern is how lenders will deal with the forbearances when foreclosure moratoria are lifted. Homeowners will be required to repay the arrearages that have accrued during the forbearance period in some manner. The question will be how the arrearage is to be repaid and over how long a period.

Many mortgages owned or guaranteed by federal governmental or quasi-governmental entities may have guidelines promulgated to ease the burden of

repayment, but that is not necessarily the case with mortgages not federally owned or guaranteed.

If there is any positive news in the eventual resumption of foreclosure activity, it is that in many areas of the state, home values have increased in the past 12 – 18 months, such that consumers in default and facing foreclosure may be able to sell their homes and use the proceeds to pay off the balances on their mortgages. That option was not available to many consumers during the 2008 – 2012 mortgage crisis, when high default rates were coupled with depressed housing prices.

INFORMATION FROM OTHER SOURCES

Loan Performance Insights Through September 2020, a publication by Corelogic, a global property information and analytics company, reported that the rate of residential mortgage loans 30 days or more in default nationally was 6.3%, up from 3.8% one year earlier. The serious delinquency rate nationwide (90 days or more in arrears) was 0.9%, up from 0.3% in September of 2019. These numbers reflect a deviation from a trend which had seen such numbers steadily decreasing, and coincides with the COVID-19 pandemic and its effect on the economy.

COUNSELOR ACTIVITY

During the three-month period covered by this report, the Bureau directly assigned 39 households to counselors for assistance as the result of calls received on the “Foreclosure Hotline” 1-888-664-2569 (1-888-NO-4-CLÖZ). Seven additional homeowners contacted counselors directly as the result of receiving the foreclosure outreach packet mailed by the Bureau. Counselors also took on cases for 27 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.

The efforts of counselors under contract to the Bureau resulted in 44 homeowners being able to remain in their homes. Two homeowners refinanced their homes, 17 homeowners received loan modifications, 2 homeowners entered into forbearance or repayment agreements, and 23 homeowners were able to bring their mortgages current.