

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 – 44th Periodic Report

DATE: March 17, 2021

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. It covers the period October 1, 2020 through December 31, 2020.



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Default Notices Mailed to Homeowners

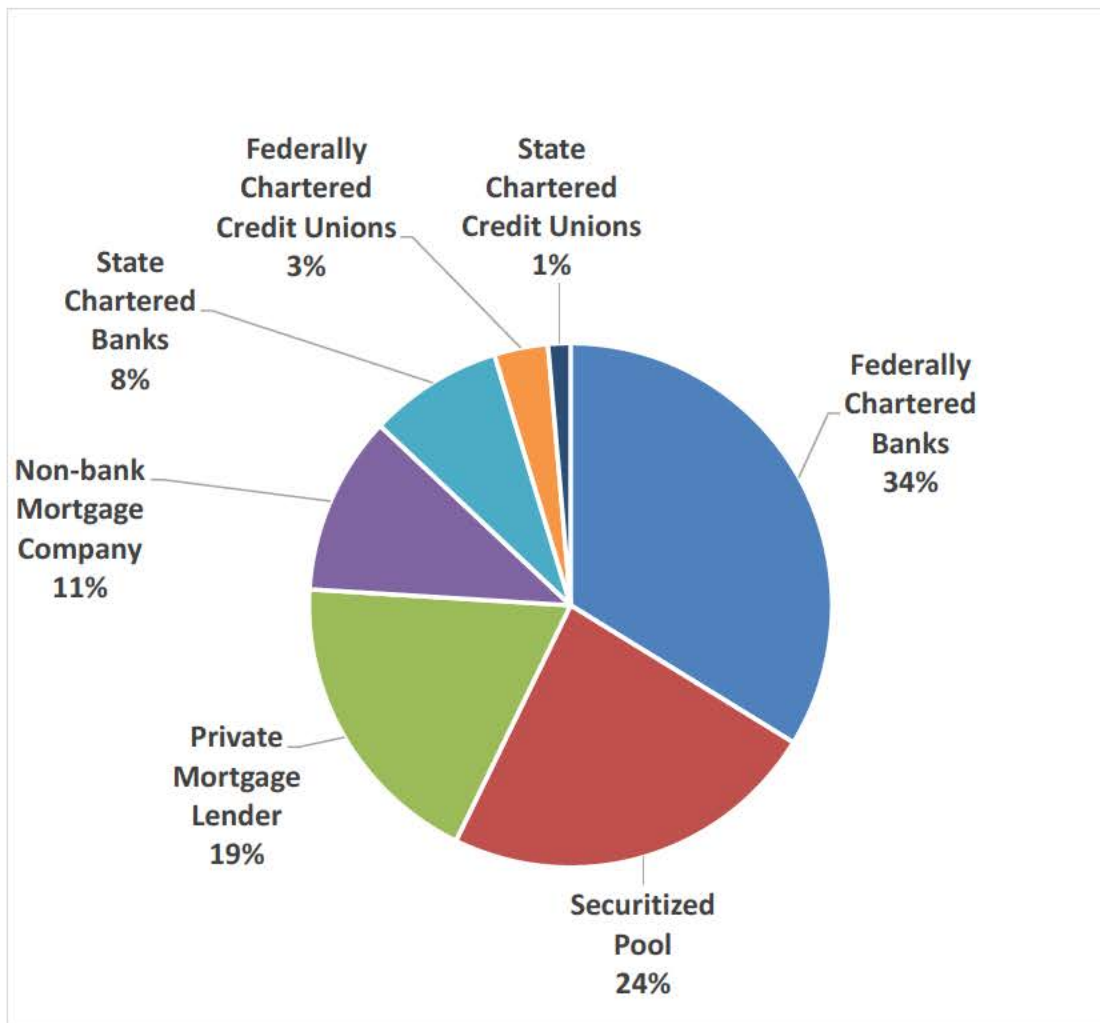
During the fourth quarter of 2020, the Bureau mailed 1,198 informational letters to homeowners who received notices of default and right to cure from their lenders. The breakdown of such mailings by lender type is as follows:

Type	Oct-20	Nov-20	Dec-20	Total
Federally Chartered Banks	136	119	137	392
Private Mortgage Lenders	68	73	90	231
State Chartered Banks	31	34	27	92
Non-bank Mortgage Companies	71	25	40	136
Federally Chartered Credit Unions	11	24	6	41
State Chartered Credit Unions	4	10	3	17
Securitized Pools	91	113	85	289

The following chart categorizes default notices by Maine county:

County	Oct-20	Nov-20	Dec-20
Androscoggin	27	32	30
Aroostook	17	13	22
Cumberland	43	70	49
Franklin	13	13	9
Hancock	25	17	11
Kennebec	28	25	21
Knox	21	16	22
Lincoln	17	17	20
Oxford	25	18	21
Penobscot	36	43	38
Piscataquis	9	8	13
Sagadahoc	42	25	28
Somerset	15	23	15
Waldo	16	22	16
Washington	5	8	9
York	73	48	64
Total	412	398	388

The pie chart that follows illustrates graphically categorization of default 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 Jan- Mar 2020	2nd Qtr Apr- Jun 2020	3rd Qtr Jul-Sep 2020	4th Qtr Oct-Dec 2020	CY 2020 TOTAL
STATEWIDE TOTAL	347	69	68	94	578
Alfred Superior Court	9	4	1	2	16
Biddeford District Court	13	3	1	4	21
Springvale District Court	28	3	4	2	37
York District Court	5	1	2	2	10
Region 1 Subtotal	55	11	8	10	84
Bridgton District Court	13	3	2	0	18
Portland District Court	0	1	0	0	1
Portland Superior Court	29	5	5	6	45
Region 2 Subtotal	42	9	7	6	64
Auburn Superior Court	6	0	1	0	7
Farmington District Court	5	2	2	5	14
Farmington Superior Court	1	0	0	1	2
Lewiston District Court	25	4	3	9	41
Livermore Falls District Court	0	0	0	0	0
Rumford District Court	5	0	1	1	7
South Paris District Court	4	2	0	0	6
South Paris Superior Court	4	1	4	0	9
Region 3 Subtotal	50	9	11	16	86
Augusta District Court	21	1	2	2	26
Augusta Superior Court	7	1	0	2	10
Skowhegan District Court	11	7	1	6	25
Skowhegan Superior Court	3	0	0	1	4
Waterville District Court	10	2	2	2	16
Region 4 Subtotal	52	11	5	13	81
Bangor District Court	22	4	5	2	33
Bangor Superior Court	8	0	2	1	11
Dover Foxcroft District Court	8	1	0	3	12
Dover Foxcroft Superior Court	1	1	1	0	3

Lincoln District Court	10	1	2	1	14
Millinocket District Court	0	0	0	0	0
Newport District Court	9	3	0	7	19
Region 5 Subtotal	58	10	10	14	92
Bath Superior Court	1	0	0	2	3
Belfast District Court	6	2	1	2	11
Belfast Superior Court	4	0	2	2	8
Rockland District Court	4	1	1	1	7
Rockland Superior Court	5	0	1	1	7
West Bath District Court	4	4	1	2	11
Wiscasset District Court	8	0	2	1	11
Wiscasset Superior Court	0	0	2	3	5
Region 6 Subtotal	32	7	10	14	63
Bar Harbor District Court	0	0	0	0	0
Calais District Court	3	0	2	1	6
Ellsworth District Court	9	3	3	4	19
Ellsworth Superior Court	4	0	4	1	9
Machias District Court	4	1	0	1	6
Machias Superior Court	7	0	2	4	13
Region 7 Subtotal	27	4	11	11	53
Caribou District Court	4	0	0	0	4
Caribou Superior Court	15	7	4	8	34
Fort Kent District Court	1	0	0	0	1
Houlton District Court	0	1	0	0	1
Houlton Superior Court	5	0	1	1	7
Madawaska District Court	0	0	0	0	0
Presque Isle District Court	6	0	1	1	8
Region 8 Subtotal	31	8	6	10	55

COUNSELOR ACTIVITY

During the months of October, November and December of 2020, counselors under contract with the Bureau succeeded in enabling twenty-two households facing possible foreclosure to remain in their homes. Thirteen homeowners were able to bring their mortgages current, seven homeowners received loan modifications, and two were granted a forbearance or repayment plan. An additional nine 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 – specifically, six homeowners were able to obtain relief through the “deed in lieu of foreclosure” process, and three were able to sell the homes and pay off the mortgages.

For the quarter, the Bureau assigned thirteen cases to counselors. Counselors received an additional twenty-four cases that were referred to them from other sources such as state or federal lawmakers, or community service organizations.

INFORMATION FROM OTHER SOURCES

Corelogic, a global property information and analytics company, in its “*Loan Performance Insights Through December 2020*,” reported that nationwide, the percentage of loans 30 days or more delinquent increased from 3.7% in December of 2019 to 5.8% in December of 2020. The number of loans 90 days or more in arrears, including loans in foreclosure, increased from 1.2% in December of 2019 to 3.9% in December 2020. Corelogic no longer provides state-specific data.

FINANCIAL CONDITION OF THE PROGRAM

The outreach program began its fiscal year 2021 (on July 1, 2020) with \$572,962.40 cash on hand. Income for the period July 1, 2020 through December 31, 2020, the majority of which comes from transfer tax on foreclosure sales was \$79,543.53. Revenues for the current year were budgeted at \$350,000.00. As of the date of this report, approximately 71% of the fiscal year has passed, and revenues to date for the program are 22.7% of projected revenues.

The program has the sum of \$531,802.56 remaining in its account as of March 16, 2021. There are outstanding obligations for counselling contracts through the end of the fiscal year of \$292,500.0. The Bureau has absorbed all other costs of administering the foreclosure outreach program into its general budget, leaving only the counselor contracts to be funded from the dedicated fund established by 14 M.R.S. §6112(4). 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. If the level of foreclosures increases in the future, revenues from foreclosure-related transfer taxes will likewise increase. If revenues remain low, the Bureau will further reduce its program such that expenditures more closely reflect revenues, or will fund a portion of the program through the Bureau’s general budget.

The Covid 19 pandemic and its associated restrictions and economic effects have been challenging to quantify and plan for. When the economy first slowed down, the Bureau anticipated a significant increase in requests for mortgage assistance. The exact opposite occurred, since foreclosure moratoria, forbearance programs and the general slowdown of a workforce dealing with new, de-centralized workplaces resulted in a significant decrease in requests for foreclosure assistance. The question going forward is whether the expiration of foreclosure moratoria will create an immediate increase of foreclosure filings and an accompanying increase in requests for foreclosure assistance from the Bureau. If so, the subsequent question is how soon revenues from foreclosure-related transfer taxes will become available to the Bureau.