

# 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

**Bureau of Consumer Credit Protection**

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 Prevention Hotline and Housing Counselor Referral Program – 46th  
Periodic Report

Date: October 15, 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 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.

**Default Notices Mailed to Homeowners**

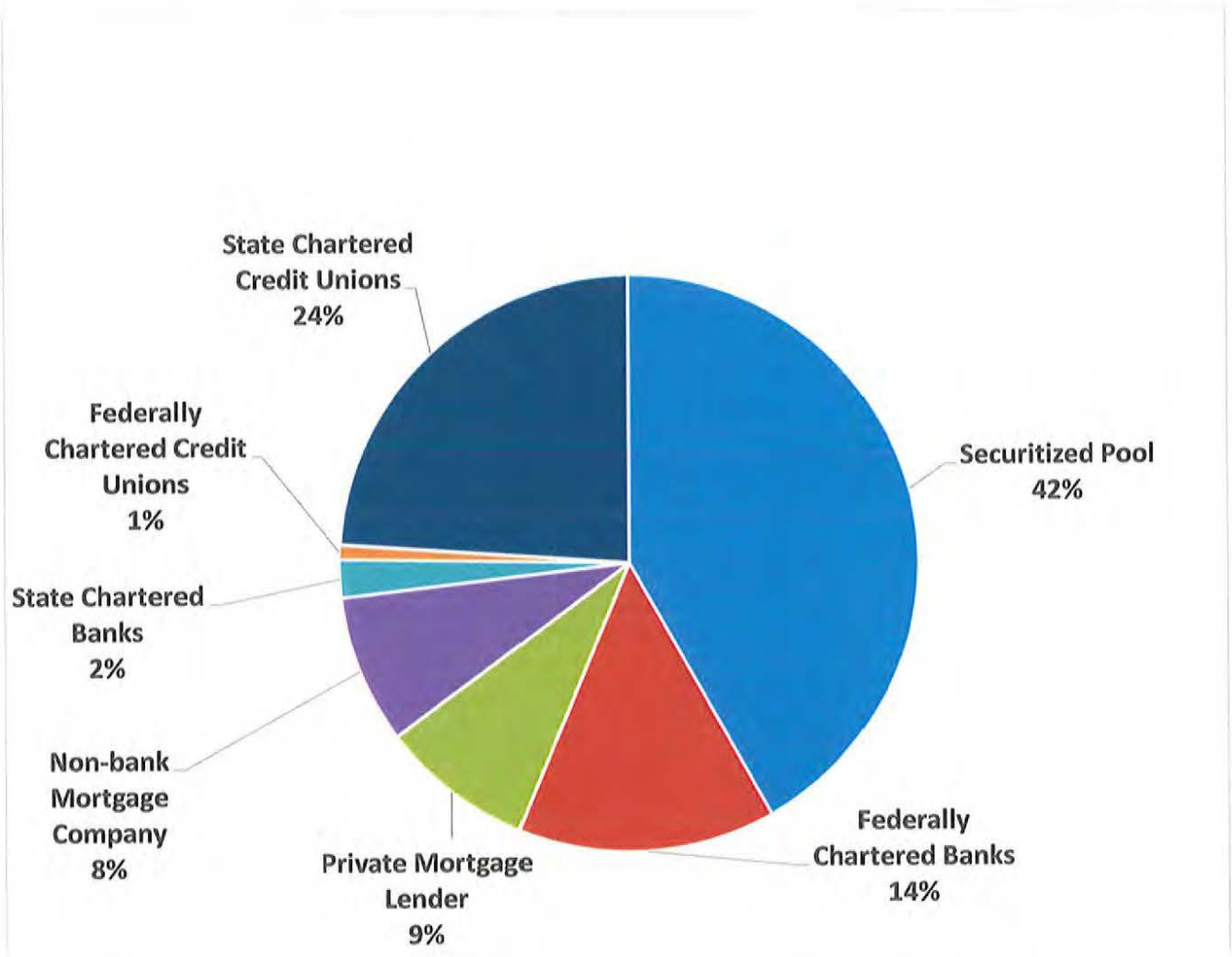
During the second quarter of 2021, the Bureau mailed 1,080 letters to homeowners who had received notices of deficiency and right to cure from their lenders. The breakdown of such mailings by lender type is as follows:

Mortgage Lender or Holder Type	Apr-21	May-21	Jun-21	Total
Securitized Pool	138	159	155	452
Federally Chartered Banks	42	44	70	156
Private Mortgage Lenders	18	16	58	92
Non-bank Mortgage Companies	34	38	18	90
State Chartered Banks	5	12	6	23
Federally Chartered Credit Unions	3	2	4	9
State Chartered Credit Unions	81	85	92	258
Totals	321	356	403	1080

Distribution of notices by Maine county was as follows:

County	Apr-21	May-21	Jun-21
Androscoggin	31	26	33
Aroostook	7	7	12
Cumberland	51	45	61
Franklin	11	4	5
Hancock	11	23	18
Kennebec	15	42	25
Knox	10	8	11
Lincoln	17	13	9
Oxford	36	32	56
Penobscot	40	33	34
Piscataquis	9	18	7
Sagadahoc	16	24	16
Somerset	12	12	19
Waldo	4	15	9
Washington	12	5	15
York	39	49	73
Total	321	356	403

The following pie chart illustrates the percentage share 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 from July 2020 through June 2021.

Region/Court	3rd Qtr Jul-Sep 2020	4th Qtr Oct- Dec 2020	1st Qtr Jan- Mar 2021	2nd Qtr Apr- Jun 2021	CY 2020 TOTAL
STATEWIDE TOTAL	68	94	110	113	385
Alfred Superior Court	1	2	3	3	9
Biddeford District Court	1	4	2	4	11
Springvale District Court	4	2	6	3	15
York District Court	2	2	0	2	6
Region 1 Subtotal	8	10	11	12	41
Bridgton District Court	2	0	3	4	9
Portland District Court	0	0	0	0	0
Portland Superior Court	5	6	13	11	35
Region 2 Subtotal	7	6	16	15	44
Auburn Superior Court	1	0	1	1	3
Farmington District Court	2	5	2	2	11
Farmington Superior Court	0	1	0	1	2
Lewiston District Court	3	9	5	7	24
Livermore Falls District Court	0	0	0	0	0
Rumford District Court	1	1	4	1	7
South Paris District Court	0	0	5	5	10
South Paris Superior Court	4	0	2	0	6
Region 3 Subtotal	11	16	19	17	63
Augusta District Court	2	2	3	6	13
Augusta Superior Court	0	2	5	3	10
Skowhegan District Court	1	6	7	4	18
Skowhegan Superior Court	0	1	0	4	5
Waterville District Court	2	2	0	4	8
Region 4 Subtotal	5	13	15	21	54
Bangor District Court	5	2	8	8	23
Bangor Superior Court	2	1	4	2	9
Dover Foxcroft District Court	0	3	4	4	11

Dover Foxcroft Superior Court	1	0	0	0	1
Lincoln District Court	2	1	3	2	8
Millinocket District Court	0	0	0	0	0
Newport District Court	0	7	2	3	12
Region 5 Subtotal	10	14	21	19	64
Bath Superior Court	0	2	1	1	4
Belfast District Court	1	2	3	3	9
Belfast Superior Court	2	2	0	1	5
Rockland District Court	1	1	2	1	5
Rockland Superior Court	1	1	0	0	2
West Bath District Court	1	2	2	3	8
Wiscasset District Court	2	1	2	0	5
Wiscasset Superior Court	2	3	2	1	8
Region 6 Subtotal	10	14	12	10	46
Bar Harbor District Court	0	0	0	0	0
Calais District Court	2	1	0	0	3
Ellsworth District Court	3	4	4	1	12
Ellsworth Superior Court	4	1	0	6	11
Machias District Court	0	1	2	3	6
Machias Superior Court	2	4	2	1	9
Region 7 Subtotal	11	11	8	11	41
Caribou District Court	0	0	0	1	1
Caribou Superior Court	4	8	4	5	21
Fort Kent District Court	0	0	0	0	0
Houlton District Court	0	0	0	0	0
Houlton Superior Court	1	1	4	1	7
Presque Isle District Court	1	1	0	1	3
Region 8 Subtotal	6	10	8	8	32

### **Counselor Activity**

During the months of April, May and June of 2021, counselors under contract with the Bureau assisted 58 households, whose members were facing possible foreclosure, to remain in their homes. Five homeowners were able to bring their mortgages current; six homeowners received loan modifications; one refinanced the mortgage; and one received a partial claim in which FHA, as the guarantor of the loan, paid off the arrearage and took a mortgage for the amount due at the end of the loan. 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. Those homeowners were granted the time that allowed them to sell their homes and pay off their mortgages.

For the quarter, the Bureau assigned 17 cases to counselors. Counselors received an additional nine cases from self-referrals, and 32 cases which were referred to them from other sources such as Senate or House offices or from community service organizations.

The total of fifty-eight cases is fewer than for the same period in 2020, when counselors onboarded 87 cases, but is far fewer than the 186 new cases counselors took on from April through June of 2019.

### **Information from Other Sources**

CoreLogic, a global property information and analytics company, in its "*Loan Performance Insights Through June 2021*," reported that nationwide, the percentage of loans 30 days or more delinquent decreased from 7.1% in June of 2020 to 4.4% in June of 2021. The only category that did not decrease during that period consisted of loans 120 days or more in arrears, which increased from 1.1% in June of 2020 to 2.5% in June of 2021. This indicates that loans already in arrears at the beginning of the pandemic have aged up but are not being replaced by significant numbers of new loans in default.

### **Financial Condition of the Program**

The outreach program began fiscal year 2022 (on July 1, 2021) with \$411,227 cash on hand, but \$153,750 of that amount was encumbered for unpaid amounts on counseling contracts for fiscal year 2021. Income for the period July 1, 2020 through June 30, 2021, which was derived from application of a transfer tax on foreclosure sales, was \$123,901. Revenues for fiscal year 2021 were budgeted at \$350,000. Revenues for fiscal year 2022 are budgeted at \$250,000.

The Bureau has absorbed into its general budget all administrative costs of the foreclosure outreach program other than the housing counselor contracts. Counseling contracts for fiscal year 2022 total \$315,000. Because of the importance of the program, but because reduced levels of foreclosure sales have resulted in less funding coming into the program in the form of transfer taxes assessed on those foreclosure sales, the bureau will continue to assist the program with funding from its main account, including, if necessary, an internal transfer from the bureau's main reporting unit to the foreclosure program reporting unit. The main account has sufficient resources to supplement foreclosure program activities, and the temporary decline in revenues dedicated to foreclosure prevention efforts is not expected to impact the bureau's activities over the biennium.