

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

Mark Susi
Acting Superintendent

**TO: Joint Standing Committee on Health Coverage, Insurance and Financial Services
Joint Standing Committee on Appropriations and Financial Affairs**

FROM: Mark E. Susi, Acting Superintendent, Bureau of Consumer Credit Protection

**RE: Foreclosure Assistance and Referral Program – 48th Periodic Report, covering
the period October 1, 2021 through December 31, 2021**

DATE: November 1, 2022

Introduction

Title 14 M.R.S. § 6111 requires mortgage lenders and servicers to provide a “notice of right to cure” (also referred to 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

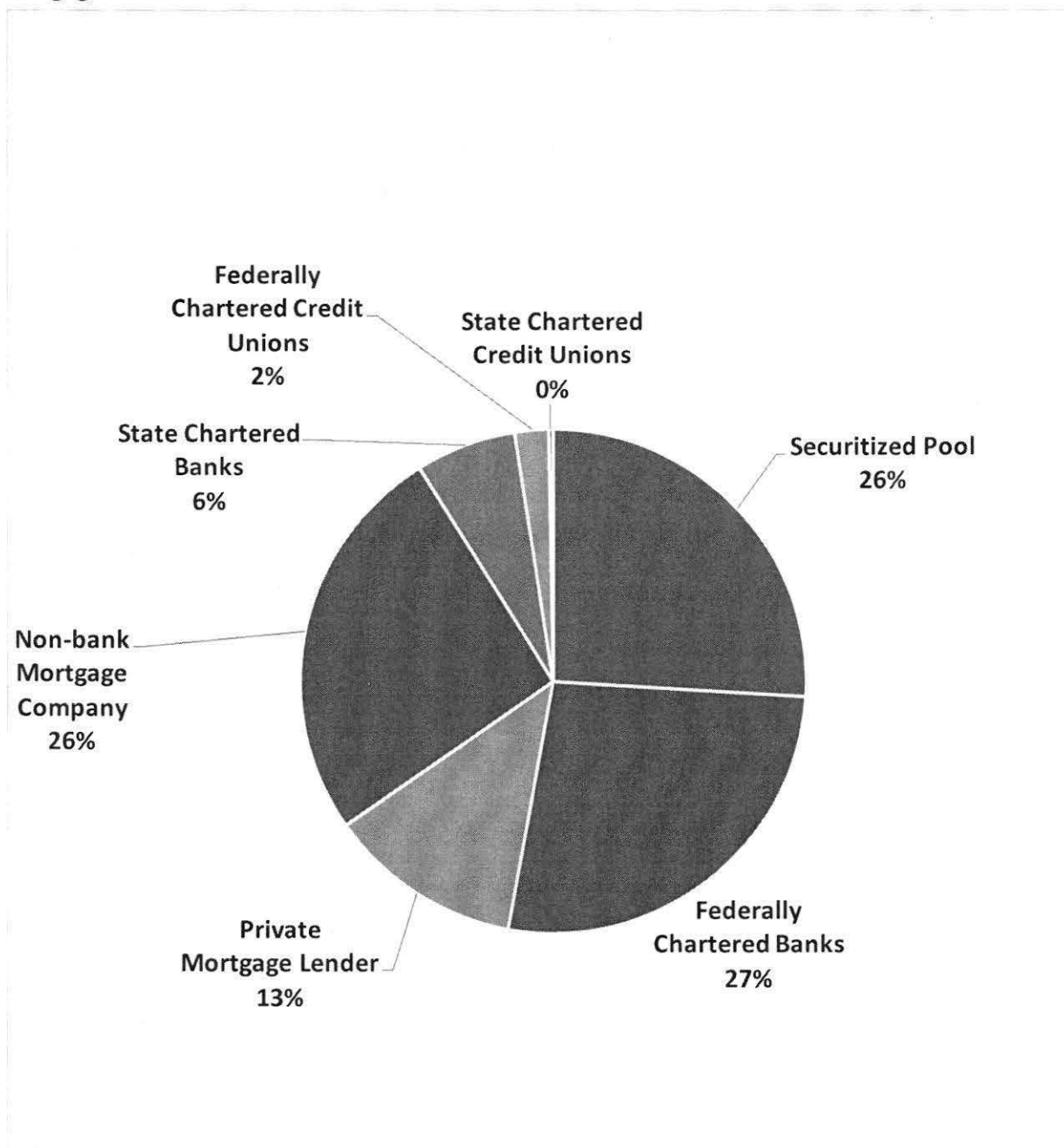
During the fourth quarter of calendar year 2021, the Bureau mailed 2,664 letters to homeowners who received notices of deficiency and right to cure from their lenders, more than double the number mailed in the fourth quarter of 2020. The breakdown of such mailings by lender type is as follows:

Type	Oct-21	Nov-21	Dec-21	Total
Securitized Pools	227	306	159	692
Federally Chartered Banks	207	250	259	716
Private Mortgage Lenders	140	107	85	332
Non-bank Mortgage Companies	191	269	228	688
State Chartered Banks	60	45	66	171
Federally Chartered Credit Unions	17	25	16	58
State Chartered Credit Unions	4	3	0	7
	846	1005	813	2664

Defaults occurred in different Maine counties in the following numbers:

County	Oct-21	Nov-21	Dec-21
Androscoggin	49	101	59
Aroostook	35	59	39
Cumberland	132	162	123
Franklin	21	14	15
Hancock	26	30	32
Kennebec	111	100	74
Knox	32	38	16
Lincoln	21	12	37
Oxford	67	98	68
Penobscot	82	90	80
Piscataquis	16	14	13
Sagadahoc	23	36	18
Somerset	43	45	34
Waldo	29	31	27
Washington	16	12	12
York	143	163	166
Total	846	1005	813

The pie chart that follows provides the percentage of default notices from different types of mortgage lenders.



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 12 months.

Region/Court	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	CY 2021
	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	TOTAL
STATEWIDE TOTAL	110	113	133	176	532
Alfred Superior Court	3	3	7	7	20
Biddeford District Court	2	4	11	11	28
Springvale District Court	6	3	7	6	22
York District Court	0	2	3	1	6
Region 1 Subtotal	11	12	28	25	76
Bridgton District Court	3	4	4	6	17
Portland District Court	0	0	1	0	1
Portland Superior Court	13	11	12	19	55
Region 2 Subtotal	16	15	17	25	73
Auburn Superior Court	1	1	3	5	10
Farmington District Court	2	2	0	2	6
Farmington Superior Court	0	1	0	0	1
Lewiston District Court	5	7	6	7	25
Livermore Falls District Court	0	0	0	0	0
Rumford District Court	4	1	3	1	9
South Paris District Court	5	5	1	6	17
South Paris Superior Court	2	0	2	17	21
Region 3 Subtotal	19	17	15	38	89
Augusta District Court	3	6	7	5	21
Augusta Superior Court	5	3	3	7	18
Skowhegan District Court	7	4	5	6	22
Skowhegan Superior Court	0	4	4	6	14
Waterville District Court	0	4	2	1	7
Region 4 Subtotal	15	21	21	25	82
Bangor District Court	8	8	3	5	24
Bangor Superior Court	4	2	5	5	16

Dover Foxcroft District Court	4	4	2	2	12
Dover Foxcroft Superior Court	0	0	0	0	0
Lincoln District Court	3	2	2	1	8
Millinocket District Court	0	0	0	1	1
Newport District Court	2	3	6	0	11
Region 5 Subtotal	21	19	18	14	72
Bath Superior Court	1	1	1	2	5
Belfast District Court	3	3	4	2	12
Belfast Superior Court	0	1	1	0	2
Rockland District Court	2	1	2	7	12
Rockland Superior Court	0	0	0	5	5
West Bath District Court	2	3	5	6	16
Wiscasset District Court	2	0	0	4	6
Wiscasset Superior Court	2	1	1	1	5
Region 6 Subtotal	12	10	14	27	63
Bar Harbor District Court	0	0	0	0	0
Calais District Court	0	0	1	1	2
Ellsworth District Court	4	1	5	5	15
Ellsworth Superior Court	0	6	1	2	9
Machias District Court	2	3	1	0	6
Machias Superior Court	2	1	2	4	9
Region 7 Subtotal	8	11	10	12	41
Caribou District Court	0	1	0	0	1
Caribou Superior Court	4	5	5	7	21
Fort Kent District Court	0	0	0	0	0
Houlton District Court	0	0	2	2	4
Houlton Superior Court	4	1	3	1	9
Madawaska District Court	0	0	0	0	0
Presque Isle District Court	0	1	0	0	1
Region 8 Subtotal	8	8	10	10	36

Although the total number of pre-foreclosure default notices has increased markedly, so far, those larger default notice numbers have not translated into increased volume of court cases. In fact, the total number of foreclosures filed in court statewide for 2021 is fewer than the number (578) filed in 2020, at the height of the pandemic.

COUNSELOR ACTIVITY

During the months of October, November and December of 2021, counselors under contract with the Bureau assisted 58 households facing possible foreclosure remain in their homes. Fifteen homeowners were able to bring their mortgages current, twelve homeowners received loan modifications, one refinanced the mortgage, one received a forbearance agreement/repayment plan, and one received a partial claim in which FHA as the guarantor of the loan paid off the arrearage and took a mortgage for that amount, which will be due at the end of the loan. One additional homeowner received assistance in obtaining a result which, although not allowing them to stay in the home, minimized the financial impact of the threatened foreclosure. That homeowner was able to sell the home and pay off the mortgage.

For the 4th quarter of 2021, the Bureau assigned thirty-six cases to counselors. Counselors received an additional case from a self-referral, and sixty-six cases that were referred from other sources, such as State Senate or House offices, or from community service organizations.

The total of 103 cases is an increase over the same period in 2020, when counselors accepted 37 cases, but is still less than the 135 new cases counselors handled from October through December of 2019.

INFORMATION FROM OTHER SOURCES

CoreLogic, a global property information and analytics company, in its "*Loan Performance Insights Through December 2021*," reported that nationwide, the percentage of loans 30 days or more delinquent decreased from 5.8% in December of 2020 to 3.4% in December of 2021. Delinquency categories across the board decreased from December of 2020. The percentage of loans in foreclosure decreased from 0.3% to 0.2%. The percentage of loans 120 days or more in arrears dropped from 3.2% to 1.6%.

The report indicated Maine's delinquency rate for loans thirty days or more in arrears dropped between 2% and 3% over December of 2020.

FINANCIAL CONDITION OF THE PROGRAM

The outreach program began fiscal year 2022 (on July 1, 2021) with \$411,227.00 cash on hand, but \$153,750.00 of that amount was encumbered for unpaid amounts on counseling contracts for fiscal year 2021. Income for the period July 1, 2021 through December 31, 2021, the majority of which comes from transfer tax on foreclosure sales, was \$45,341.00. Revenues for fiscal year 2022 are budgeted at \$250,000.00. The current cash balance in the account as of April 5, 2022, is \$310,827, of which \$247,500 is encumbered for unpaid amounts on counseling contracts.

The Bureau has absorbed all costs of administering the foreclosure outreach program, other than the counseling contracts, into its general budget. Counseling contracts for fiscal year 2022 total

\$315,000.00. At the current rate of spending, there will be little if any money in the outreach account at the end of this fiscal year. Absent a new funding source, the choice will be to discontinue the program or attempt to fund the same as currently operated or at a reduced level through the Bureau's general budget.

However, the Bureau will be able to support Maine's housing assistance network during this period of reduced funding for the Foreclosure Prevention program through the Bureau's administration of the Maine Homeowner Assistance Fund (Maine HAF). The Bureau was charged with developing and administering the Maine HAF to distribute federal funds to support low-income homeowners who can show a financial hardship related to the pandemic. The Bureau has entered into separate contracts with nine non-profit organizations in Maine to assist in the processing, underwriting and housing counseling services required as part of the Maine HAF.

CONCLUSION

The Covid-19 pandemic and its associated restrictions and economic effects remain a challenge to analyze. Federal and state moratoria on foreclosures and the limited availability of court time and access have forestalled any expected increase in of foreclosure cases. Guidelines provided by federal lenders and guaranty agencies to their servicers have opened up new avenues for homeowners to minimize the financial effects of the pandemic. It remains to be seen, however, if these avenues will provide long term relief or are merely delaying an inevitable of foreclosure activity.