



STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL  
AND FINANCIAL REGULATION  
BUREAU OF CONSUMER CREDIT PROTECTION  
35 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0035

Paul R. LePage  
GOVERNOR

William N. Lund  
SUPERINTENDENT

**TO: Joint Standing Committee on Insurance and Financial Services**

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

**RE: Foreclosure Assistance and Referral Program – 27th Periodic Report  
Covering 3<sup>rd</sup> Quarter, Calendar Year 2016**

**DATE: November 30, 2016**

### INTRODUCTION

Title 14 M.R.S. §6111 requires mortgage lenders and servicers to provide a “notice of right to cure default” (also referred to herein as a “default notice”) to any homeowner who is behind in mortgage payments, 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 also 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 the types of creditors that are initiating foreclosures (*e.g.*, national banks, non-bank mortgage companies; investment trusts).

### DEFAULT NOTICES MAILED TO HOMEOWNERS

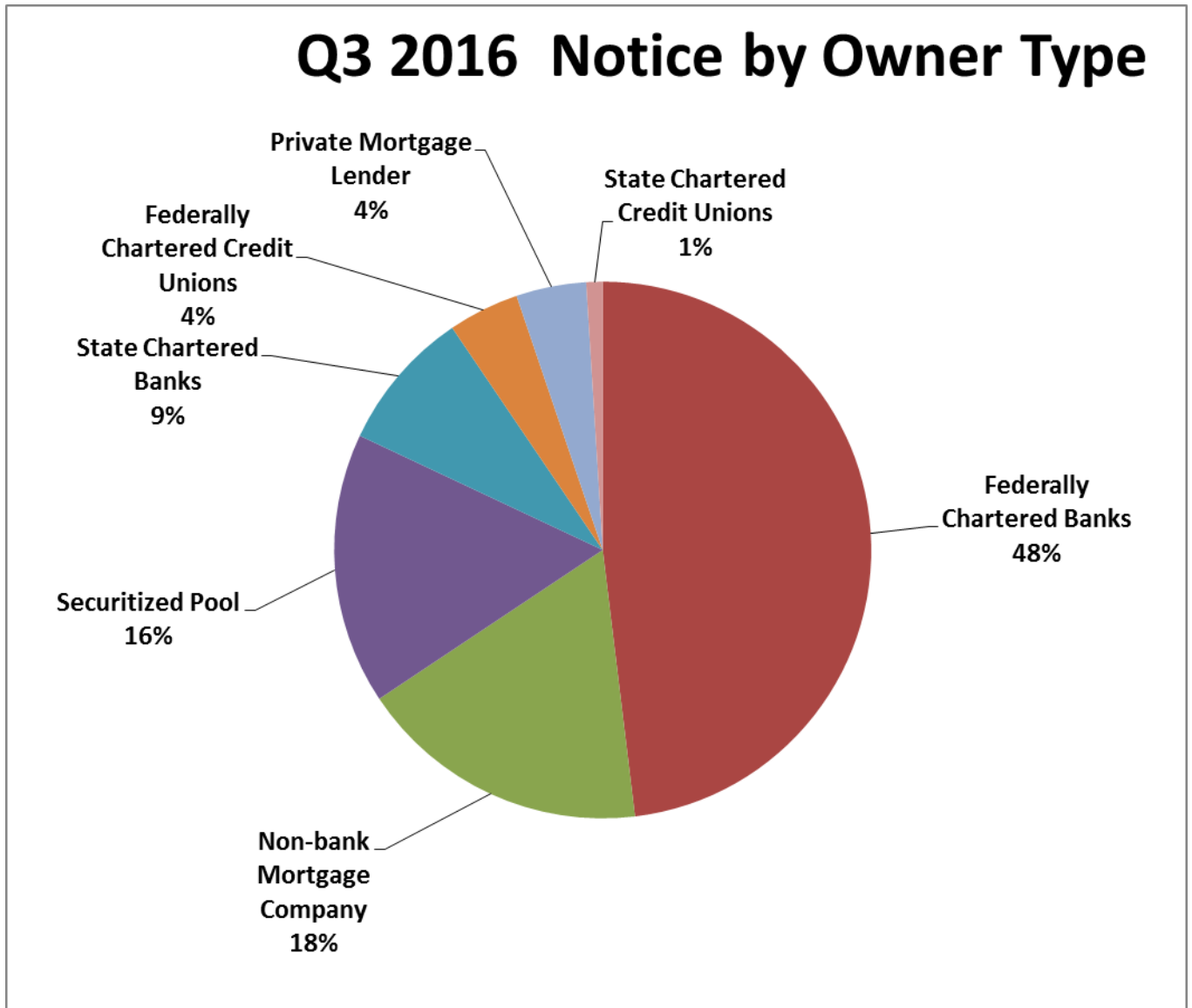
The Bureau mailed packets of informational material to 5,807 homeowners who received notices of right to cure from their lenders during July, August and September of 2016. The mailings by county are broken down in the following chart:

<b>County</b>	<b>Jul-16</b>	<b>Aug-16</b>	<b>Sep-16</b>
<b>Androscoggin</b>	152	192	211
<b>Aroostook</b>	46	93	108
<b>Cumberland</b>	279	342	308
<b>Franklin</b>	43	46	33
<b>Hancock</b>	62	65	59
<b>Kennebec</b>	155	176	154
<b>Knox</b>	46	41	26
<b>Lincoln</b>	82	73	59
<b>Oxford</b>	118	122	117
<b>Penobscot</b>	199	228	241
<b>Piscataquis</b>	17	33	24
<b>Sagadahoc</b>	89	74	96
<b>Somerset</b>	74	85	89
<b>Waldo</b>	54	78	57
<b>Washington</b>	44	57	47
<b>York</b>	340	407	335
<b>Total</b>	1800	2112	1964

The next chart shows the breakdown of notices sent by type of entity.

<b>Type</b>	<b>Jul-16</b>	<b>Aug-16</b>	<b>Sep-16</b>
<b>Federally Chartered Banks</b>	866	923	1003
<b>Non-bank Mortgage Company</b>	372	267	381
<b>Securitized Pool</b>	198	529	223
<b>State Chartered Banks</b>	157	181	157
<b>Federally Chartered Credit Unions</b>	59	102	87
<b>Private Mortgage Lender</b>	59	90	96
<b>State Chartered Credit Unions</b>	20	20	17
<b>Total:</b>	1731	2112	1964

The last chart in this section shows the number of notices filed by each type of entity as a percentage of the total number of notices filed for the quarter.



The number of notices sent for the third quarter of 2016 is consistent with the number for the same period one year ago, when lenders and servicers mailed default notices to 5,728 packets Maine homeowners.

### FORECLOSURE CASES FILED IN COURT

During July, August and September of 2016, lenders and servicers filed 633 new foreclosure cases in Maine courts, a reduction from the 891 in the prior quarter. This marked the first quarter since the fourth quarter of CY 2014 in which the number of foreclosure filings decreased. The information for the foreclosure filings for the last year is contained in the following chart:

Region/Court	4th Qtr Oct-Dec 2015	1st Qtr Jan- Mar 2016	2nd Qtr Apr- Jun 2016	3rd Qtr Jul-Sep 2016	TOTAL
<b>STATEWIDE TOTAL</b>	<b>547</b>	<b>705</b>	<b>891</b>	<b>633</b>	<b>2776</b>
Alfred Superior Court	9	18	43	23	<b>93</b>
York District Court	5	7	15	14	<b>41</b>
Biddeford District Court	19	31	42	27	<b>119</b>
Springvale District Ct.	29	45	46	32	<b>152</b>
<b>Region 1 Subtotal</b>	<b>62</b>	<b>101</b>	<b>146</b>	<b>96</b>	<b>405</b>
Portland Superior Ct.	50	78	112	57	<b>297</b>
Bridgton District Court	25	24	32	20	<b>101</b>
Portland District Court	0	0	0	0	<b>0</b>
<b>Region 2 Subtotal</b>	<b>75</b>	<b>102</b>	<b>144</b>	<b>77</b>	<b>398</b>
South Paris Superior Ct.	5	10	17	9	<b>41</b>
Auburn Superior Court	12	15	20	13	<b>60</b>
Farmington Sup. Ct.	6	4	3	4	<b>17</b>
Lewiston District Court	35	51	56	38	<b>180</b>
Farmington District Ct.	9	20	12	14	<b>55</b>
Rumford District Court	16	5	19	12	<b>52</b>
Livermore Falls Dist. Ct.	0	0	0	0	<b>0</b>
South Paris District Ct.t	11	11	15	10	<b>47</b>
<b>Region 3 Subtotal</b>	<b>94</b>	<b>116</b>	<b>142</b>	<b>100</b>	<b>452</b>
Skowhegan Sup'r Ct.	11	5	12	10	<b>38</b>
Augusta Superior Court	16	15	19	11	<b>61</b>
Skowhegan District Ct.	26	29	44	18	<b>117</b>
Waterville District Ct.	22	19	23	20	<b>84</b>
Augusta District Court	24	39	34	31	<b>128</b>
<b>Region 4 Subtotal</b>	<b>99</b>	<b>107</b>	<b>132</b>	<b>90</b>	<b>428</b>
Dover-Foxcroft Sup. Ct.	1	1	4	1	<b>7</b>
Bangor Superior Court	14	21	32	19	<b>86</b>
Millinocket District Ct	0	0	0	0	<b>0</b>
Dover Foxcroft Dist. Ct.	11	17	8	10	<b>46</b>
Lincoln District Court	9	10	14	13	<b>46</b>
Newport District Court	17	20	16	17	<b>70</b>
Bangor District Court	37	45	54	54	<b>190</b>
<b>Region 5 Subtotal</b>	<b>89</b>	<b>114</b>	<b>128</b>	<b>114</b>	<b>445</b>

<b>Region/Court</b>	<b>4th Qtr Oct-Dec 2015</b>	<b>1st Qtr Jan- Mar 2016</b>	<b>2nd Qtr Apr- Jun 2016</b>	<b>3rd Qtr Jul-Sep 2016</b>	<b>TOTAL</b>
Wiscasset Superior Ct.	7	7	4	9	<b>27</b>
Bath Superior Court	2	4	8	3	<b>17</b>
Rockland Superior Ct.	7	3	8	5	<b>23</b>
Belfast Superior Court	4	7	6	6	<b>23</b>
Belfast District Court	16	14	25	9	<b>64</b>
Wiscasset District Ct.	13	10	15	12	<b>50</b>
West Bath District Ct.t	10	20	28	19	<b>77</b>
Rockland District Court	12	6	12	13	<b>43</b>
<b>Region 6 Subtotal</b>	<b>71</b>	<b>71</b>	<b>106</b>	<b>76</b>	<b>324</b>
Machias Superior Court	2	5	5	3	<b>15</b>
Ellsworth Superior Ct.	7	4	7	9	<b>27</b>
Bar Harbor District Ct.	0	0	0	0	<b>0</b>
Machias District Court	8	11	7	11	<b>37</b>
Calais District Court	4	4	7	6	<b>21</b>
Ellsworth District Court	12	19	23	22	<b>76</b>
<b>Region 7 Subtotal</b>	<b>33</b>	<b>43</b>	<b>49</b>	<b>51</b>	<b>176</b>
Houlton Superior Court	3	3	6	5	<b>17</b>
Caribou Superior Court	15	37	28	16	<b>96</b>
Caribou District Court	1	2	2	3	<b>8</b>
Houlton District Court	1	2	5	2	<b>10</b>
Madawaska District Ct.	0	0	0	0	<b>0</b>
Fort Kent District Court	1	2	2	0	<b>5</b>
Presque Isle District Ct.	3	5	1	3	<b>12</b>
<b>Region 8 Subtotal</b>	<b>24</b>	<b>51</b>	<b>44</b>	<b>29</b>	<b>148</b>

The number of cases filed in the third quarter of 2016 is higher than the same period last year, when 520 foreclosure cases were filed in court.

### **INFORMATION FROM NATIONAL SOURCES**

In its *National Foreclosure Report* for September 2016, Corelogic, a global property information and analytics company, reported that the national foreclosure inventory – those homes in some stage of foreclosure – dropped 31% from a year previously. Maine’s foreclosure inventory, while still among the highest in the country, dropped to 1.8%, from 2.1% in 2015 and 2.7% in 2014.

In addition Maine's "seriously delinquent rate" – those loans 90 or more days past due – dropped to 3.8%, down from 4.9% a year ago. Unfortunately, even with the drop in the seriously delinquent rate, Maine still ranks second in the country for the percentage of loans seriously in default.

### **STATEWIDE OUTREACH PROGRAM**

During the third quarter of CY 2016, counselors under contract with the Bureau undertook representation of 239 homeowners who were in the process of foreclosure. This number is little changed from last year, when the counselors initiated services to 251 new homeowners.

During the third quarter, counselors under contract with the Bureau assisted 59 homeowners to obtain resolutions that allowed them to remain in their homes. Forty-five homeowners received modifications of their loans; six households were able to bring their loans current; 4 refinanced their defaulted loans or obtained a reverse mortgage; 3 obtained a forbearance agreement through which repayment of their loan arrearage was deferred; and one received a partial claim payment from a loan guarantor to bring the loan current.

In addition to results that allowed homeowners to remain in their homes, the counselors also assisted 13 homeowners with foreclosure alternatives, thereby minimizing the effects of the loss of their homes. Six homeowners resolved their foreclosures by executing a deed in lieu of foreclosure to the lender, and two were able to sell their homes through short sales. In the case of both deeds in lieu and short sales, any deficiency balances on the loans were waived. Finally, 5 homeowners were able to sell their homes and pay off their mortgages in full.