Memorandum

To: Senator Peter Bowman, Chair
Representative Sharon Treat, Chair
Joint Standing Committee on Insurance and Financial Services

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

Re: Quarterly Foreclosure Report – PL 402

Date: September 23, 2009

PL Chapter 402 (LD 1418), "An Act to Preserve Home Ownership by Preventing Unnecessary Foreclosures," requires the Bureau of Consumer Credit Protection to report to the Insurance and Financial Services Committee on a quarterly basis regarding implementation and results of the Bureau's foreclosure prevention program. Below are details of the agency's foreclosure prevention efforts during the first 90 days of the program, from June 15, 2009 to September 15, 2009:

1) The bureau established a new toll-free consumer foreclosure prevention hotline, 1-888-664-2569 (1-888-NO-4-CLŌZ). More than 300 Maine consumers have called the new hotline in order to obtain assistance and advice on dealing with mortgage default.

2) To accommodate lender reporting, the Bureau established an e-mail account (lender.reporting@maine.gov), and also established electronic lender reporting through the Bureau's website at www.Credit.Maine.gov. Lenders are required under the new law to provide the Bureau with the names and addresses of consumers who are in default, so staff can mail information to the consumers about the availability of housing counseling.

3) The Bureau developed an informational packet (attached as Exhibit 1) containing foreclosure prevention resources that is mailed to consumers who are delinquent in their mortgage payments. The packet includes a list of currently-approved HUD counselors; a description of the upcoming court-supervised mediation services;

legal resources and options; a description of the foreclosure process; a sample hardship letter that consumers can use to write to their mortgage lender or servicer; and a list of registered Maine Debt Management Service Providers.

4) The Bureau drafted a single-page legal document for consumers to use to respond to a foreclosure action filed against them (see Exhibit 2). The form also serves as a request for court-sponsored mediation. The one-page document must be provided to consumers by lenders when the lenders serve the consumers with foreclosure papers.

5) The Bureau contracted with Maine State Housing to make available four trained housing counselors to assist the Bureau with the unexpectedly-large number of consumer cases. These counselors are trained to provide individual assistance, as well as referral information, to consumers. Two of the counselors work at the Bureau offices one day each week, while the other two work from their home offices and take referrals from Bureau staff.

6) Staff worked with Maine State Housing to post links to the Bureau and its foreclosure prevention resources on MSHA's website.

7) As the program began, the Bureau drafted and issued a press release detailing the new law (see Exhibit 3), and listing resources available to consumers to address their mortgage delinquencies and remain in their homes.

8) Since the program began on June 15, 2009, mortgage lenders have notified the Bureau of more than 3,000 consumer defaults. As a result of these calls and other referrals, the agency has mailed 3,156 resource packages to Maine consumers.

9) Staff has spent 415 hours on this project. That time has been used building the database, downloading data each day, importing lender files, and preparing the mailings to consumers.

10) That time has also been used directly assisting consumers who have called the new foreclosure prevention hotline (1-888-NO-4-CLŌZ), or who have filed on-line complaint forms or mailed written complaints to the Bureau.

11) The results so far have been very gratifying for the staffers who are responding to consumers' requests for assistance. The Bureau has succeeded in convincing lenders to postpone or cancel 8 foreclosure auctions; to rescind one auction that had already been held; and to modify more than 20 mortgage loan contracts to include new terms designed to be reasonably attainable by the consumers.

12) The following companies have reported Maine mortgage delinquencies to the Bureau:

21st Mortgage Corp
915 Greenwich Wholesale line
Atlantic Regional FCU
Aurora
Babson Capital Mgmt, LLC
Bank One, NA
Bayview
Beneficial
Biddeford Savings Bank
Border Trust Co
Carval
Cenlar FSB
Central Mortgage Company
Chase Home
Chevy Chase FSB
Citi Mortgage
Countrywide Home Loans
Cuso Mortgage
Damariscotta Bank and Trust
Deutsche Bank
Down East Credit Union
Drawbridge FCDB
EMC Mortgage
Fannie Mae
FDBD SNPWL Trust
FCI Lender Services
Federal Home Loan Bank of Chicago
Federal Home Loan Mtg Co
FHA
FHLB c/o WFB Master Servicing
First Federal Savings and Loan
Five County Credit Union
FNGT
FNMA T Deal
Franklin Somerset FCU
Freddie Mac
Gardiner FCU
GMAC
Habitat for Humanity, York County
Home Loan Investment Bank, FSB
Homecomings Financial
Household Finance Corp
HSBC
Hudson City Savings Bank
Indymac
JP Morgan Acquisition Corp
JP Morgan Chase
Katahdin FCU
Kennebec Savings Bank
KSW FCU
LaSalle Bank
Lehman Bank
M&T Bank
M. James & Company
Maine Highlands FCU
Maine Savings FCU
Massachusetts Mutual Life Ins. Co
Midcoast FCU
Midfirst Bank
Monmouth FCU
Mortgage Asset Securitization Transactions
Nationstar Mortgage
New Dimension FCU
Newcastle Mortgage
Oceans Community FCU
Ocwen Loan Servicing
OneWest Bank, FSB
PennyMac Loan Services
PMSR Security Charges
Quantum Servicing
Rainbow FCU

12) (Continued) *The following companies have reported Maine mortgage delinquencies to the Bureau:*

SunTrust Mortgage, Inc
TD Bank North
T&M Mortgage
The Bank of New York
Trustee Countrywide
The Bank of New York
Mellon
The First
The Huntington National Bank
US Bank National Assoc
UBS
UBS Real Estate Securities Inc
US Bank Wachovia Bank
Wells Fargo Financial
Wells Fargo Home Mortgage
Wilshire Credit Corporation
Winthrop Area Federal Credit Union

13) Lenders that have completed the "county" category (disclosing the location of the defaulting consumers) report that default notices have been sent to residents of Maine counties in the following numbers:

Cumberland: 580 consumers
York: 563
Penobscot: 322
Kennebec: 280
Androscoggin: 255
Sagadahoc: 216
Oxford: 148
Lincoln: 118
Waldo: 114
Hancock: 97
Aroostook 91
Somerset: 82
Knox: 73
Franklin: 52
Piscataquis: 44
Washington: 44

14) Staff is working proactively with lenders to improve and streamline the reporting process. On occasion more than 300 consumer names have been reported to the Bureau in a single day (see photos of several single-day mailings prepared by staff, attached as Exhibit 4). Some lenders or servicers have been late in reporting to the Bureau, or have reported using incomplete data. Once a jurisdictional loophole in the original law is addressed (see #15, below), the agency's ability to hold all lenders accountable for compliant reporting will be clarified.

15) The Bureau is working with the sponsors of LD 1418 and with the Committee Analyst to support an amendment to the law which will clarify that the statute applies to all mortgage foreclosures initiated in Maine, regardless of the terms of the original mortgage note or contract. That amendment will increase the number of consumer names being reported.

16) The new law directs the Bureau to create an "office specialist" position to operate the program, receive the daily lender reports, mail the informational packets, and work with MSHA and other counselors to provide effective referrals. The Bureau has completed and submitted the necessary paperwork to establish that position. To assist until that position is created and filled; the Bureau will continue to use its own staff and will also arrange for temporary clerical assistance.

17) The funding mechanism for the new program is functioning as designed, with approximately $18,000 per month derived from the new transfer tax process. A portion of those funds has been utilized in the start-up expenses of the program, including computer programming and installation of the hotline, as well as for ongoing expenses of the program such as copying, postage and other direct costs. The Bureau is monitoring the fund carefully to be able to project for the Committee the expenses and revenue trends into calendar year 2010.

18) The next few months will see additional improvements in the system. Electronic reporting will be utilized by more large lenders now that the website has been made secure and now that the program has been set up to require completion of certain mandatory reporting fields. However, electronic filing still requires manual data transfers, as information is edited from its reporting format (Excel) and imported into the mail label-generating program. The Access database is used to track and run reports on the number of filings received, including the sorting by county.

19) The Bureau will work with RealtyTrak and other foreclosure reporting services to determine the most recent foreclosure trends in Maine, and staff will update the Committee as soon as that information is obtained.

The Bureau wishes to thank the Committee for its ongoing support as the implementation process continues for this important program.

Attachments