



STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL  
AND FINANCIAL REGULATION  
BUREAU OF CONSUMER CREDIT PROTECTION  
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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 – 50th Periodic Report**

**DATE: December 12, 2022**

## 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.



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## Default Notices Mailed to Homeowners

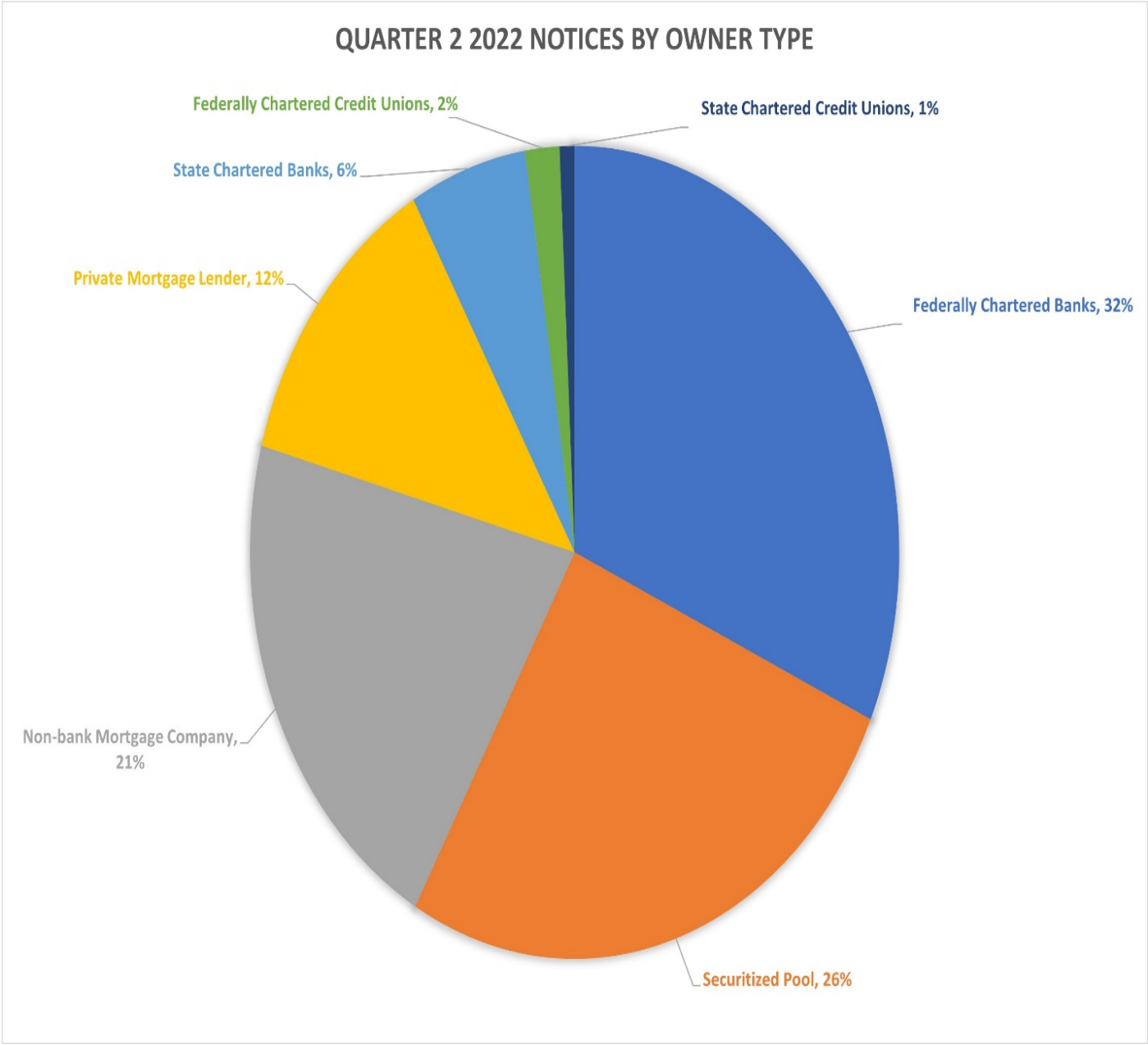
During the second quarter of 2022, the Bureau mailed 3,091 letters to homeowners who received notices of deficiency and right to cure from their lenders. The breakdown of such mailings by lender type is as follows:

| Type                                     | Apr-22 | May-22 | Jun-22 |
|--|--------|--------|--------|
| <b>Federally Chartered Banks</b>         | 305    | 369    | 307    |
| <b>Private Mortgage Lender</b>           | 130    | 110    | 146    |
| <b>State Chartered Banks</b>             | 52     | 37     | 91     |
| <b>Non-bank Mortgage Company</b>         | 202    | 235    | 214    |
| <b>Federally Chartered Credit Unions</b> | 11     | 22     | 20     |
| <b>State Chartered Credit Unions</b>     | 17     | 3      | 3      |
| <b>Securitized Pool</b>                  | 254    | 274    | 289    |
|  |        |        |        |
| <b>Total:</b>                            | 971    | 1050   | 1070   |

The notices were broken down by county as follows:

| County              | Apr-22 | May-22 | Jun-22 |
|---------------------|--------|--------|--------|
| <b>Androscoggin</b> | 90     | 75     | 97     |
| <b>Aroostook</b>    | 44     | 60     | 51     |
| <b>Cumberland</b>   | 174    | 148    | 182    |
| <b>Franklin</b>     | 21     | 20     | 20     |
| <b>Hancock</b>      | 39     | 55     | 36     |
| <b>Kennebec</b>     | 91     | 111    | 116    |
| <b>Knox</b>         | 31     | 30     | 37     |
| <b>Lincoln</b>      | 41     | 14     | 28     |
| <b>Oxford</b>       | 57     | 113    | 59     |
| <b>Penobscot</b>    | 80     | 92     | 88     |
| <b>Piscataquis</b>  | 24     | 9      | 13     |
| <b>Sagadahoc</b>    | 50     | 42     | 61     |
| <b>Somerset</b>     | 43     | 43     | 54     |
| <b>Waldo</b>        | 34     | 8      | 38     |
| <b>Washington</b>   | 20     | 22     | 25     |
| <b>York</b>         | 132    | 178    | 165    |
|                     |        |        |        |
| <b>Total</b>        | 971    | 1050   | 1070   |

The pie chart which follows illustrates graphically the breakdown 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 in the past three quarters.

| Region/Court                       | 4th Qtr<br>Oct-Dec<br>2021 | 1st Qtr<br>Jan-<br>Mar<br>2022 | 2nd Qtr<br>Apr-<br>Jun<br>2022 |
|------------------------------------|----------------------------|--------------------------------|--------------------------------|
| <b>STATEWIDE TOTAL</b>             | <b>176</b>                 | <b>282</b>                     | <b>249</b>                     |
| Alfred Superior Court              | 7                          | 7                              | 4                              |
| Biddeford District Court           | 11                         | 12                             | 6                              |
| Springvale District Court          | 6                          | 12                             | 13                             |
| York District Court                | 1                          | 7                              | 9                              |
| <b>Region 1 Subtotal</b>           | <b>25</b>                  | <b>38</b>                      | <b>32</b>                      |
| Bridgton District Court            | 6                          | 10                             | 12                             |
| Portland District Court            | 0                          | 0                              | 1                              |
| Portland Superior Court            | 19                         | 27                             | 26                             |
| <b>Region 2 Subtotal</b>           | <b>25</b>                  | <b>37</b>                      | <b>39</b>                      |
| Auburn Superior Court              | 5                          | 5                              | 2                              |
| Farmington District Court          | 2                          | 5                              | 4                              |
| Farmington Superior Court          | 0                          | 3                              | 0                              |
| Lewiston District Court            | 7                          | 23                             | 24                             |
| Livermore Falls District Court     | 0                          | 0                              | 0                              |
| Rumford District Court             | 1                          | 4                              | 6                              |
| South Paris District Court         | 6                          | 5                              | 4                              |
| South Paris Superior Court         | 17                         | 10                             | 3                              |
| <b>Region 3 Subtotal</b>           | <b>38</b>                  | <b>55</b>                      | <b>43</b>                      |
| Augusta District Court             | 5                          | 8                              | 4                              |
| Augusta Superior Court             | 7                          | 9                              | 7                              |
| Skowhegan District Court           | 6                          | 15                             | 12                             |
| Skowhegan Superior Court           | 6                          | 4                              | 5                              |
| Waterville District Court          | 1                          | 7                              | 13                             |
| <b>Region 4 Subtotal</b>           | <b>25</b>                  | <b>43</b>                      | <b>41</b>                      |
| Bangor District Court              | 5                          | 8                              | 13                             |
| Bangor Superior Court              | 5                          | 7                              | 4                              |
| Dover Foxcroft District Court      | 2                          | 3                              | 3                              |
| Dover Foxcroft Superior Court      | 0                          | 0                              | 1                              |
| Lincoln/Millinocket District Court | 2                          | 3                              | 2                              |
| Newport District Court             | 0                          | 6                              | 8                              |

|                             |           |           |           |
|-----------------------------|-----------|-----------|-----------|
| <b>Region 5 Subtotal</b>    | <b>14</b> | <b>27</b> | <b>31</b> |
| Bath Superior Court         | 2         | 0         | 0         |
| Belfast District Court      | 2         | 8         | 7         |
| Belfast Superior Court      | 0         | 1         | 4         |
| Rockland District Court     | 7         | 3         | 5         |
| Rockland Superior Court     | 5         | 1         | 2         |
| West Bath District Court    | 6         | 13        | 10        |
| Wiscasset District Court    | 4         | 5         | 4         |
| Wiscasset Superior Court    | 1         | 2         | 3         |
| <b>Region 6 Subtotal</b>    | <b>27</b> | <b>33</b> | <b>35</b> |
| Bar Harbor District Court   | 0         | 0         | 0         |
| Calais District Court       | 1         | 2         | 0         |
| Ellsworth District Court    | 5         | 12        | 8         |
| Ellsworth Superior Court    | 2         | 3         | 0         |
| Machias District Court      | 0         | 5         | 2         |
| Machias Superior Court      | 4         | 2         | 2         |
| <b>Region 7 Subtotal</b>    | <b>12</b> | <b>24</b> | <b>12</b> |
| Caribou District Court      | 0         | 0         | 1         |
| Caribou Superior Court      | 7         | 19        | 10        |
| Fort Kent District Court    | 0         | 1         | 0         |
| Houlton District Court      | 2         | 2         | 3         |
| Houlton Superior Court      | 1         | 1         | 2         |
| Madawaska District Court    | 0         | 0         | 0         |
| Presque Isle District Court | 0         | 2         | 0         |
| <b>Region 8 Subtotal</b>    | <b>10</b> | <b>25</b> | <b>16</b> |

In the fourth quarter of 2019, the last month before the beginning of the covid pandemic, there were 416 foreclosure cases filed in Maine courts as compared to 249 in the second quarter of 2022, a decrease of 40%.

## **COUNSELOR ACTIVITY**

During the months of April, May and June of 2022 counselors under contract with the Bureau assisted nineteen households facing possible foreclosure remain in their homes. Five homeowners were able to bring their mortgages current, thirteen homeowners received loan modifications and one refinanced the mortgage.

On May 2, the Maine Homeowners Assistance Fund (HAF) program opened. The Maine Homeowner Assistance Fund ("the Maine HAF") is a free, federal relief program for homeowners financially impacted by COVID-19 who are behind on their mortgage, housing, property tax or utility payments and are at risk of foreclosure or loss of services. The program, which can provide up to \$25,000 per eligible household, is funded through the U.S. Dept. of Treasury and administered by the Maine Bureau of Consumer Credit Protection. The program offers assistance to homeowners with incomes at or below certain income levels who suffered a hardship associated with the coronavirus pandemic. HAF funds can assist with mortgage delinquencies, utility delinquencies, property tax and insurance delinquencies, past due condominium or homeowner association fees and delinquent internet fees. The availability of the program changed the approach of lenders to dealing with delinquent mortgages and the demands on the foreclosure outreach program.

For the quarter, the Bureau assigned thirty-eight cases to counselors. Counselors received an additional fifty-three cases which were referred to them from other sources such as Senate or House offices or from community service organizations. During the period May 2 through June 30, the HAF program received over two thousand applications for assistance.

## **INFORMATION FROM OTHER SOURCES**

Corelogic, a global property information and analytics company, in its "*Loan Performance Insights Through-September, 2022*," containing information through June of 2022, reported that nationwide, the percentage of loans 30 days or more delinquent decreased from 4.4% in June of 2021 to 2.9% in June of 2022. The percentage of loans in foreclosure increased slightly from 0.2% to 0.3%. The percentage of loans 120 days or more in arrears dropped from 2.5% to 1.1%. The report indicated that overall mortgage delinquencies were the lowest in the last 23 years.

The report indicated Maine's delinquency rate for loans thirty days or more in arrears dropped between 1% and 2% over June of 2021.

## **FINANCIAL CONDITION OF THE PROGRAM**

Revenue for the outreach program comes from the transfer tax on foreclosure sales. Revenues were down due to a number of factors including the moratorium on foreclosures during the coronavirus pandemic, the time involved in commencing and completing foreclosures once the moratorium was lifted, the availability of enhanced loss mitigation options for homeowners in distress offered by federal lenders and guarantors following covid and new homeowner assistance programs such as HAF.

The outreach program ended fiscal year 2022 (on June 30, 2022) with \$381,556.00 cash on hand,

of which \$228,750.00 was encumbered for unpaid amounts on counseling contracts for fiscal year 2022. That left \$152,806.00 available for the program at the start of fiscal year 2023 (July 1, 2022). Revenues for FY 2022 were budgeted at \$250,000.00, however, the program generated only \$120,188.00.

The Bureau elected not to continue to contract for counseling services for fiscal year 2023 because of the significant reduction in available funds and because the same counseling services were available through the Maine HAF program. Counseling contracts for fiscal year 2022 totaled \$315,000.00. The unencumbered cash on hand beginning fiscal year 2023 along with the reduced revenues would not have been sufficient to fund the program through the 2023 fiscal year. On the other hand, the U.S. Treasury funded HAF program included funding for counseling and administration as part of the \$50,000,000.00 grant. When provision of homeowner counseling under the HAF program is no longer available (the program can continue until all funds are expended or September of 2026, whichever occurs first) the Bureau will reactivate the counseling services previously offered subject to funds availability.

The Bureau continues to perform its statutory duty to receive notification when a lender sends a homeowner a “notice of deficiency and right to cure” and to then mail an informational packet to such homeowner advising about the process of foreclosure and available assistance to aid in exploring options for avoiding foreclosure.

## **CONCLUSION**

The pandemic provided both opportunities and challenges to the bureau’s outreach program. The moratorium on foreclosures and additional state and federal assistance to homeowners reduced foreclosure actions. However, that reduction also impacted revenues available to support the outreach program when foreclosure activity resumed. While guidelines provided to their servicers by federal lenders and guarantee agencies have opened up new avenues for homeowners to minimize the financial effects of the coronavirus pandemic, it remains to be seen if these avenues will provide long term relief or are merely delaying a return of foreclosure activity to previous levels.