



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

Linda Conti
SUPERINTENDENT

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

FROM: Linda Conti, Superintendent, Bureau of Consumer Credit Protection

RE: Foreclosure Assistance and Referral Program – 54th Periodic Report

DATE: September , 2023

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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PHONE: (207)624-8527 (Voice)

OFFICES LOCATED AT:
76 NORTHERN AVENUE, GARDINER, MAINE

FAX: (207)582-7699

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Default Notices Mailed to Homeowners

During the second quarter of 2023, the Bureau mailed 3,620 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:

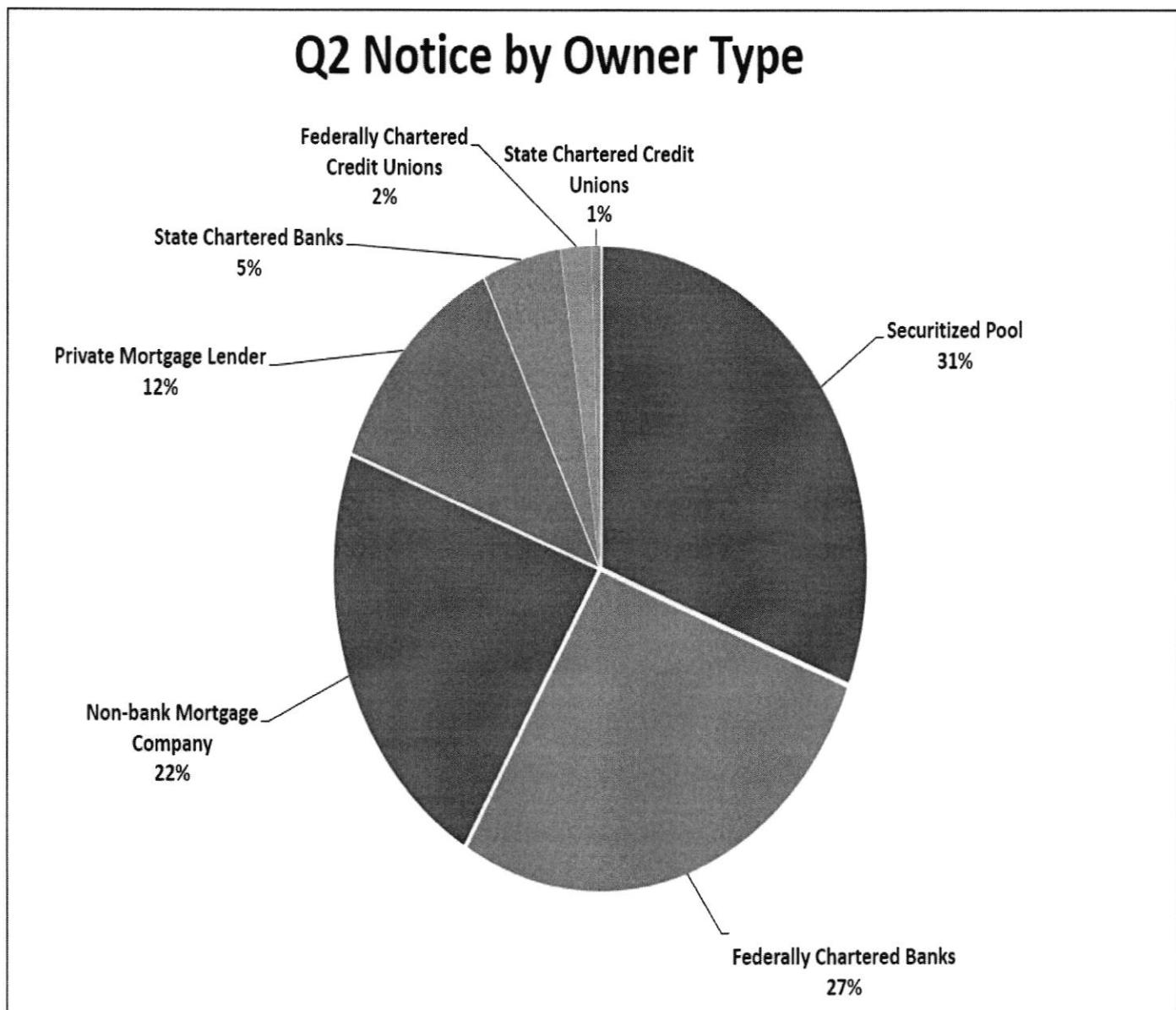
Type	Apr-23	May-23	Jun-23
Federally Chartered Banks	239	403	354
Private Mortgage Lender	70	195	171
State Chartered Banks	62	62	49
Non-bank Mortgage Company	207	277	324
Federally Chartered Credit Unions	14	28	25
State Chartered Credit Unions	3	9	8
Securitized Pool	360	431	329
Total:	955	1405	1260

The notices were broken down by county as follows:

County	Apr-23	May-23	Jun-23
Androscoggin	91	132	110
Aroostook	41	39	35
Cumberland	144	254	167
Franklin	8	39	23
Hancock	33	75	53
Kennebec	102	128	130
Knox	30	41	39
Lincoln	32	42	43
Oxford	63	112	116
Penobscot	117	134	144
Piscataquis	16	21	12
Sagadahoc	39	40	35
Somerset	28	53	64
Waldo	28	53	47
Washington	33	26	38
York	150	216	204
Total	955	1405	1260

250 notices were returned as undeliverable and 82 of those were able to be forwarded to an appropriate address.

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 first two quarters of 2023.

Region/Court	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	CY 2023
	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	TOTAL
STATEWIDE TOTAL	238	240	0	0	478
Alfred Superior Court	9	5			14
Biddeford District Court	6	17			23
Springvale District Court	14	4			18
York District Court	5	0			5
Region 1 Subtotal	34	26	0	0	60
Bridgton District Court	13	11			24
Portland District Court	1	0			1
Portland Superior Court	21	23			44
Region 2 Subtotal	35	34	0	0	69
Auburn Superior Court	4	4			8
Farmington District Court	5	2			7
Farmington Superior Court	1	1			2
Lewiston District Court	19	25			44
Livermore Falls District Court	0	0			0
Rumford District Court	2	4			6
South Paris District Court	7	5			12
South Paris Superior Court	3	6			9
Region 3 Subtotal	41	47	0	0	88
Augusta District Court	9	15			24
Augusta Superior Court	0	2			2
Skowhegan District Court	8	5			13
Skowhegan Superior Court	2	2			4
Waterville District Court	11	10			21
Region 4 Subtotal	30	34	0	0	64
Bangor District Court	17	12			29
Bangor Superior Court	4	8			12
Dover Foxcroft District Court	1	3			4
Dover Foxcroft Superior Court	3	0			3

Lincoln/Millinocket District Court	3	3			6
Newport District Court	4	9			13
Region 5 Subtotal	32	35	0	0	67
Bath Superior Court	0	1			1
Belfast District Court	4	11			15
Belfast Superior Court	1	1			2
Rockland District Court	9	5			14
Rockland Superior Court	2	1			3
West Bath District Court	12	8			20
Wiscasset District Court	5	6			11
Wiscasset Superior Court	1	2			3
Region 6 Subtotal	34	35	0	0	69
Bar Harbor District Court	0	0			0
Calais District Court	2	0			2
Ellsworth District Court	7	6			13
Ellsworth Superior Court	2	1			3
Machias District Court	2	5			7
Machias Superior Court	3	1			4
Region 7 Subtotal	16	13	0	0	29
Caribou District Court	0	0			0
Caribou Superior Court	12	10			22
Fort Kent District Court	0	0			0
Houlton District Court	1	1			2
Houlton Superior Court	3	5			8
Madawaska District Court	0	0			0
Presque Isle District Court	0	0			0
Region 8 Subtotal	16	16	0	0	32

In the second quarter of 2022, 249 foreclosure cases were filed in Maine courts as opposed to 240 in the second quarter of 2023 so there has been no increase in the number of foreclosure filings in the last year.

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.

COUNSELOR ACTIVITY

On May 2, 2022, 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. 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 Bureau now refers foreclosure calls to the Maine State Housing Authority. Due to the availability of the HAF program and the decline in overall foreclosures, the Bureau did not enter into counseling contracts for fiscal year 2023 or 2024.

INFORMATION FROM OTHER SOURCES

Corelogic, a global property information and analytics company, in its "*Loan Performance Insights - August 2023*," containing information through June of 2023, reported that nationwide, the percentage of loans 30 days or more delinquent decreased from 2.9% in June of 2022 to 2.6% in June of 2023. The percentage of loans in foreclosure remained unchanged at 0.3%. The percentage of loans 120 days or more in arrears dropped from 1.1% to 0.8%. The only negative news was that loans 30 to 59 and 60 to 89 days past due were each up over the prior year, but each only by 0.1%.

The report indicated Maine's delinquency rate for loans thirty days or more in arrears dropped by more than 0.2% over June of 2022.

FINANCIAL CONDITION OF THE PROGRAM

Revenue for the outreach program comes from the transfer tax on foreclosure sales. Revenues have been 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 2023 (on June 30, 2023) with \$415,596.00 cash on hand. Revenues for FY 2023 were budgeted at \$250,000.00, however, the program generated only \$114,809.45 in revenue in fiscal year 2023. When operating at its lowest level, the budget for the outreach program was approximately \$350,000.00 per year.

The Bureau did not contract for counseling services for fiscal year 2023 because of the significant reduction in available funds due to the drop off in new foreclosures 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. The HAF program is available until all funds are expended or September of 2026, whichever occurs first

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

Overall mortgage delinquency numbers and foreclosure starts continue to fall. The need for counseling services is being handled through the HAF program currently.