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DEPARTMENT OF PROFESSIONAL  
AND FINANCIAL REGULATION  
BUREAU OF CONSUMER CREDIT PROTECTION  
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Linda Conti  
Acting Superintendent

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

*Linda Conti*

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

**RE: Foreclosure Assistance and Referral Program – 52nd Periodic Report**

**DATE: March 9, 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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## Default Notices Mailed to Homeowners

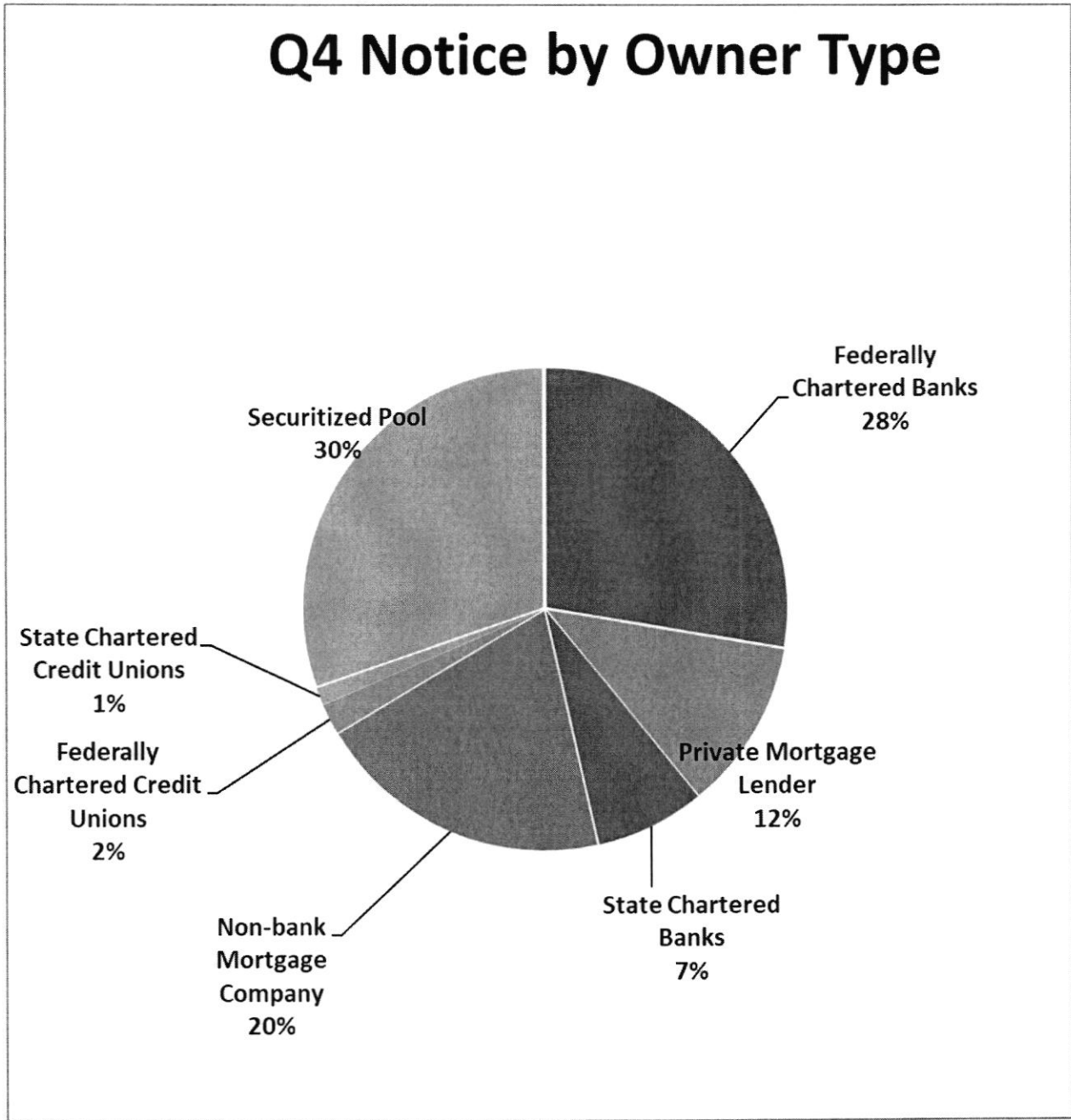
During the fourth quarter of 2022, the Bureau mailed 3,486 letters to homeowners who received notices of deficiency and right to cure from their lenders. The breakdown of such mailings by lender type is as follows:

Type	Oct-22	Nov-22	Dec-22
<b>Federally Chartered Banks</b>	268	372	326
<b>Private Mortgage Lender</b>	191	87	120
<b>State Chartered Banks</b>	121	53	83
<b>Non-bank Mortgage Company</b>	189	241	266
<b>Federally Chartered Credit Unions</b>	34	17	21
<b>State Chartered Credit Unions</b>	23	11	7
<b>Securitized Pool</b>	433	305	318
<b>Total:</b>	1259	1086	1141

The notices were broken down by county as follows:

County	Oct-22	Nov-22	Dec-22
<b>Androscoggin</b>	90	100	95
<b>Aroostook</b>	52	33	39
<b>Cumberland</b>	170	170	169
<b>Franklin</b>	49	26	46
<b>Hancock</b>	54	33	28
<b>Kennebec</b>	150	106	118
<b>Knox</b>	47	30	47
<b>Lincoln</b>	59	33	37
<b>Oxford</b>	61	106	77
<b>Penobscot</b>	146	120	121
<b>Piscataquis</b>	18	12	10
<b>Sagadahoc</b>	90	34	45
<b>Somerset</b>	71	42	29
<b>Waldo</b>	24	31	48
<b>Washington</b>	15	20	22
<b>York</b>	163	190	210
<b>Total</b>	1259	1086	1141

The pie chart below 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	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	CY 2022
	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	TOTAL
<b>STATEWIDE TOTAL</b>	<b>282</b>	<b>249</b>	<b>283</b>	<b>215</b>	<b>1029</b>
Alfred Superior Court	7	4	2	5	18
Biddeford District Court	12	6	12	10	40
Springvale District Court	12	13	23	10	58
York District Court	7	9	9	2	27
<b>Region 1 Subtotal</b>	<b>38</b>	<b>32</b>	<b>46</b>	<b>27</b>	<b>143</b>
Bridgton District Court	10	12	12	8	42
Portland District Court	0	1	0	0	1
Portland Superior Court	27	26	29	23	105
<b>Region 2 Subtotal</b>	<b>37</b>	<b>39</b>	<b>41</b>	<b>31</b>	<b>148</b>
Auburn Superior Court	5	2	2	2	11
Farmington District Court	5	4	8	6	23
Farmington Superior Court	3	0	0	2	5
Lewiston District Court	23	24	17	21	85
Livermore Falls District Court	0	0	0	0	0
Rumford District Court	4	6	5	4	19
South Paris District Court	5	4	6	2	17
South Paris Superior Court	10	3	1	3	17
<b>Region 3 Subtotal</b>	<b>55</b>	<b>43</b>	<b>39</b>	<b>40</b>	<b>177</b>
Augusta District Court	8	4	18	8	38
Augusta Superior Court	9	7	6	2	24
Skowhegan District Court	15	12	10	10	47
Skowhegan Superior Court	4	5	3	2	14
Waterville District Court	7	13	6	5	31
<b>Region 4 Subtotal</b>	<b>43</b>	<b>41</b>	<b>43</b>	<b>27</b>	<b>154</b>
Bangor District Court	8	13	9	16	46
Bangor Superior Court	7	4	9	6	26
Dover Foxcroft District Court	3	3	2	1	9

## **COUNSELOR ACTIVITY**

On May 2, 2022 the Maine Homeowners Assistance Fund (HAF) program opened. HAF is a program established by the federal government and administered by the U.S. Treasury. The Bureau of Consumer Credit Protection was chosen by the State to administer the program in Maine. Maine HAF offers assistance to homeowners who suffered a hardship associated with the coronavirus pandemic. The program offers assistance to homeowners with incomes at or below certain income levels and 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 HAF funds changed the approach of lenders to dealing with delinquent mortgages and reduced the demands on the foreclosure outreach program.

For the fourth quarter, the HAF program received 872 applications for assistance, however, only 294 of those applications were complete. The program approved 254 applications during the quarter and paid out over \$1.3 million for the benefit of homeowners during that period. The Bureau has transferred administration of the HAF program to the Maine State Housing Authority as it is in a better position to implement the grant. Future BCCP quarterly reports will not include information on HAF,

## **INFORMATION FROM OTHER SOURCES**

Corelogic, a global property information and analytics company, in its "*Loan Performance Insights-February 2023*," containing information through December of 2022 reported that nationwide, the percentage of loans 30 days or more delinquent decreased from 3.4% in December of 2021 to 3% in December 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 1.6% to .9%.

The report indicated Maine's delinquency rate for loans thirty days or more in arrears had not increased but had decreased less than 1%.

## **FINANCIAL CONDITION OF THE PROGRAM**

The outreach program ended fiscal year 2022 (on June 30, 2022) with \$381,556.00 cash on hand, but \$228,750.00 of that amount 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 on July 1, 2022.

Income for the program comes from transfer tax on foreclosure sales. Income for the period July 1, 2023 through December 31, 2022, was \$95,947.00. The number of foreclosure sales and,

therefore, the revenue for the program remains low as a result of 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 the availability of programs assisting homeowners, such as HAF.

Counseling contracts for fiscal year 2022 totaled \$315,000.00. Unencumbered cash on hand beginning fiscal year 2023 and revenues at the same level as fiscal year 2022 would not have been sufficient to fund the program through the year. The Bureau elected not to contract for counseling services for fiscal year 2023 because of the financial constraints and because counseling services are available through the Maine HAF program. The funds for counseling under the HAF program are part of the \$50,000,000.00 grant from the U.S. Treasury. When assistance for 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 duty to receive notification when a lender sends a notice of deficiency and right to cure to a homeowner and mail an informational packet to such homeowner advising about the process of foreclosure and available assistance to assist in exploring options for avoiding foreclosure.

## **CONCLUSION**

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, however, if these avenues will provide long term relief or are merely delaying a return of foreclosure activity to previous levels.