

FORECLOSURE TRENDS REPORT

2018

COMMONWEALTH OF MASSACHUSETTS
DIVISION OF BANKS

BACKGROUND

Chapter 206 of the Acts of 2007, An Act Protecting and Preserving Home Ownership (Chapter 206), was enacted to provide consumer protections for homeowners facing foreclosure.¹ The Right-to-Cure (RTC) Notice became a required pre-foreclosure notification to provide additional time for consumers to become current on their past due mortgage loan balances without incurring unrelated fees for 90 days.

Chapter 206 requires that the Division of Banks (Division) prepare an annual report analyzing the number of RTC Notices and Foreclosure Petition filings. This latest report reflects activity for the 2018 calendar year. In August 2010, the RTC period was extended from 90 days to 150 days under Chapter 258 of the Acts of 2010. This extension was deemed as an emergency measure for homeowners struggling to keep their homes. As of January 1, 2016, the RTC period reverted to 90 days in accordance with sunset provisions within the statute. The statute requires creditors to demonstrate ‘good-faith’ efforts to work with borrowers to develop a possible resolution before opting to foreclose.² Additionally, in August of 2012, Chapter 194 of the Acts of 2012 was signed into law affording additional protections to consumers in the foreclosure process—including the requirement for lenders to provide a specific notification of a borrower’s right to request a mortgage loan modification for certain types of mortgage loans and a requirement that creditors modify a loan if the cost to modify is less than the cost to foreclose.³

The Division utilizes an online repository, the Massachusetts Foreclosure Petition Database, to collect and track RTC Notices and foreclosure-related activity in the Commonwealth.⁴ The data submitted by mortgage lenders, mortgage holders, and mortgage servicers is analyzed to study the trends of RTC Notices, Foreclosure Petitions, Foreclosure Sales, and other mortgage-related activity to produce this annual report.⁵

REPORT HIGHLIGHTS

- In 2018, there was a 21% decrease in RTC Notices and a 32% decrease in foreclosure sales compared to 2017.
- Approximately 50% of RTC Notices issued in 2018 were for mortgages originated between 2004 and 2007.
- 75% of reported RTC Notices in 2018 were for mortgage loans with interest rates between 4.00% and 7.99%.
- In both 2017 and 2018, the majority of Foreclosure Petitions were filed between 100–399 days, (or between 3–13 months) after the RTC Notice was issued.

¹ [Acts of 2007, Chapter 206: An Act Protecting & Preserving Homeownership](#)

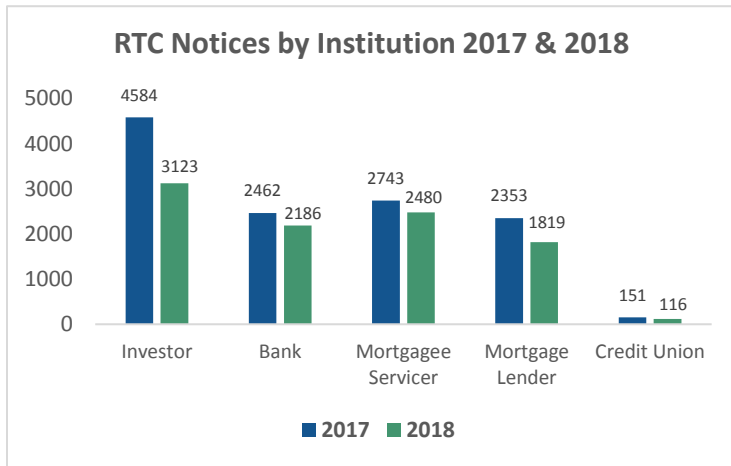
² [Massachusetts General Laws Chapter 244, Section 35A](#)

³ [Massachusetts General Laws Chapter 244, Section 35B](#)

⁴ [Massachusetts General Laws Chapter 244, Section 14A](#)

⁵ The pre-foreclosure (or RTC) data presented in this report does not include activity which has not been accelerated to the “Petition” phase of foreclosure.

FIGURE 1



Investors were the most common entity filing RTC Notices in the Commonwealth in 2017 and 2018, comprising over 30% of all filers in both years. However, RTC Notices filed by investors decreased 32% compared to 2017. Banks⁶, mortgage servicers, and mortgage lenders remained consistent filing approximately 20% of RTC Notices respectively. The remaining RTC Notices were filed by credit unions (1%).

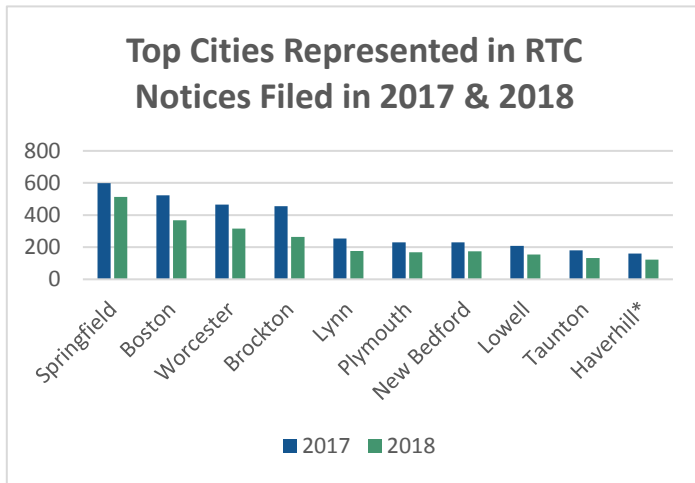
TABLE 1: RTC NOTICES BY COUNTY

County	No. of RTC Notices in 2017	% of Total Notices in 2017	No. of RTC Notices in 2018	% of Total Notices in 2018	% Change from 2017 to 2018
Worcester	1955	15.9%	1503	15.1%	-23.1%
Middlesex	1608	13.1%	1306	13.4%	-18.8%
Plymouth	1428	11.6%	1111	11.4%	-22.2%
Bristol	1237	10.1%	1140	11.7%	-7.8%
Essex	1265	10.3%	1003	10.3%	-20.7%
Suffolk	1359	11.1%	870	8.9%	-36.0%
Hampden	1277	10.4%	958	9.9%	-25.0%
Norfolk	926	7.5%	816	8.4%	-11.9%
Barnstable	562	4.6%	468	4.8%	-16.7%
Berkshire	312	2.5%	223	2.3%	-28.5%
Hampshire	186	1.5%	162	1.7%	-12.9%
Franklin	123	1.0%	106	1.1%	-13.8%
Nantucket	18	0.2%	25	0.3%	38.9%
Dukes	37	0.3%	33	0.3%	-10.8%

In 2018, almost all counties in the Commonwealth saw a decrease in RTC Notices in comparison to 2017. Worcester, historically the most dominant county for RTC Notices, experienced a 23% decrease in 2018 from 1,955 RTC Notices in 2017 to 1,503 RTC Notices. Nantucket County was the only county experiencing an increase in RTC Notices with a 39% change year over year.

⁶ Banks noted include state chartered banks, federal banks, and other non-Massachusetts chartered institutions.

FIGURE 2



In both 2017 and 2018, approximately 25% of RTC Notices were concentrated in ten cities. Figure 2 shows Springfield remained the top city in 2018, experiencing a 14% decrease from 2017. In 2017, Boston⁷ decreased 30% from 2017, still remaining the 2nd city among the top cities. While all 2018 top cities experienced a decrease in RTC notices, Haverhill moved up in the rankings to the 10th city most represented in RTC Notices filed while Fall River dropped out of the top ten.

TABLE 2: RTC NOTICES BY MORTGAGE ORIGINATION YEAR

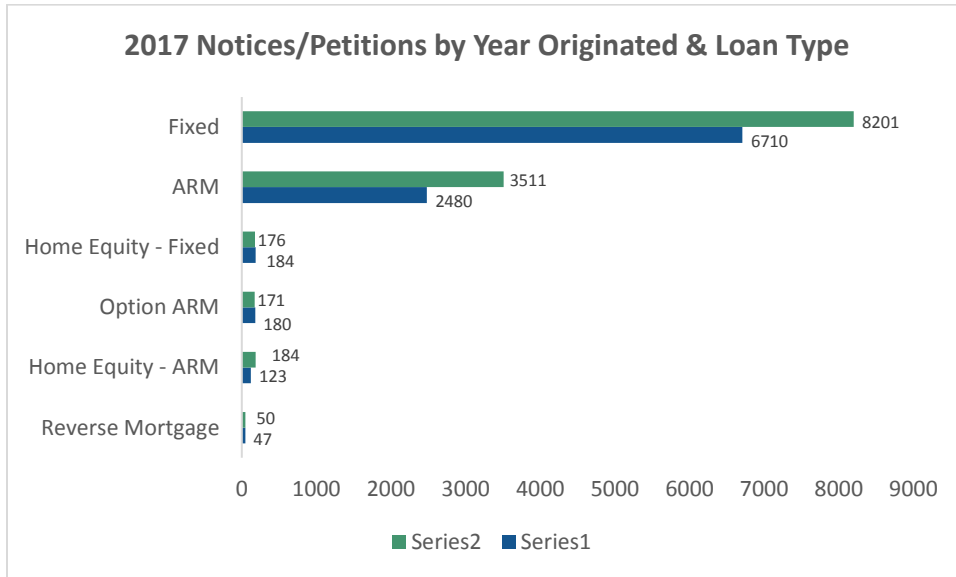
Loan Origination Year	No. of Notices in 2017	% of Total Notices in 2017	No. of Notices in 2018	% of Total Notices in 2018	% Change from 2017 to 2018
Before 2000	281	2.3%	218	2.2%	-22%
2000	39	0.3%	38	0.4%	-3%
2001	96	0.8%	90	0.9%	-6%
2002	222	1.8%	179	1.8%	-19%
2003	817	6.7%	652	6.7%	-20%
2004	1153	9.4%	832	8.6%	-28%
2005	1923	15.6%	1358	14.0%	-29%
2006	2296	18.7%	1687	17.3%	-27%
2007	1776	14.5%	1281	13.2%	-28%
2008	800	6.5%	550	5.7%	-21%
2009	692	5.6%	609	6.3%	-12%
2010	520	4.2%	334	3.4%	-36%
2011	371	3.0%	282	2.9%	-24%
2012	365	3.0%	294	3.0%	-19%
2013	313	2.6%	299	3.1%	-4%
2014	233	1.9%	217	2.2%	-7%
2015	238	1.9%	318	3.3%	34%
2016	145	1.1%	317	3.3%	119%
2017	13	0.1%	168	1.7%	1192%
2018	--	--	1	.01%	--
Total	12293		9724		

Mortgage loans originated during the sub-prime period, between 2005 and 2007, continue to account for the majority of RTC Notices filed in both 2017 and 2018. Of mortgage loans associated with an RTC Notice in 2017, 10% were originated within the past 5 years compared to 13% in 2018. The significant increases in RTC Notices in 2018 originated in 2016 and 2017 can be attributed to consumers defaulting on new loans and the Foreclosure Petition file date occurring in the following year.

⁷ The RTC Notices filed in Boston include Boston and its neighborhoods: Allston, Brighton, Charlestown, Dorchester, East Boston, Hyde Park, Jamaica Plain, Mattapan, Roslindale, Roxbury, South Boston and West Roxbury.

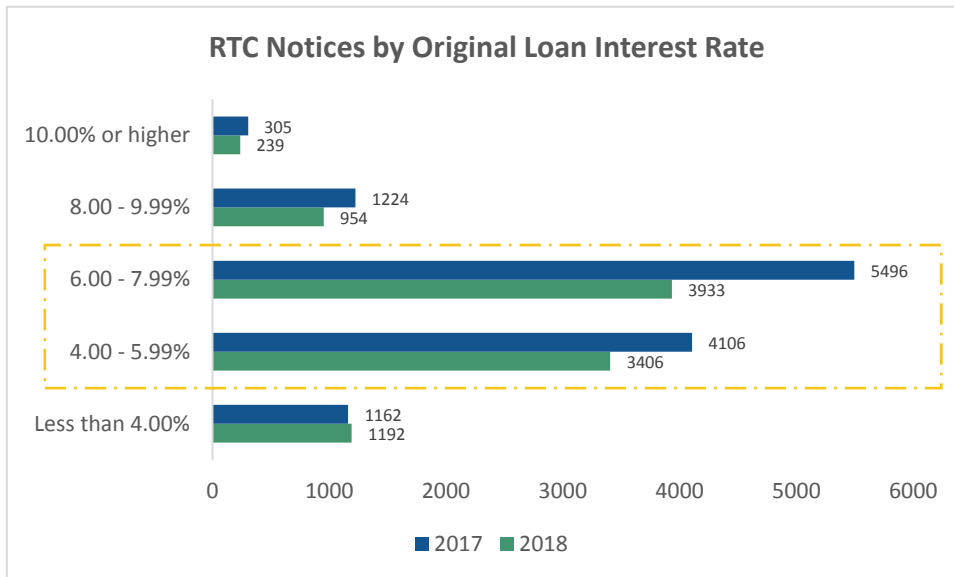
* Haverhill was ranked 12th in 2017 top cities represented in RTC Notices.

FIGURE 3: RTC NOTICES BY LOAN TYPE



As Figures 3 indicates, the most RTC Notices in both 2017 and 2018 were associated with fixed rate mortgages. Specifically, 67% of RTC Notices in 2017 and 69% in 2018 were associated with fixed rate mortgages. Adjustable Rate Mortgage loans comprised over 25% of all RTC Notices in both 2017 and 2018. All other loan types accounted for 5% of the total of RTC Notices sent in 2017 and 2018.

FIGURE 4



Over 75% of reported RTC Notices were related to mortgage loans with original loan interest rates between 4.00% and 7.99% in both 2017 and 2018. RTC Notices associated with interest rates lower than 6.00% stayed consistent, making up 43% of total RTC Notices in 2017 and 47% in 2018.

TABLE 3: RTC NOTICES BY DELINQUENCY DAYS

Delinquency Length	No. of Notices in 2017	% of Total Notices in 2017	No. of Notices in 2018	% of Total Notices in 2018
Less than 60 Days	1839	15%	1554	15%
61 – 120 Days	2337	19%	3255	34%
120 – 149 Days	8117	66%	4915	51%
Total	12293		9724	

In both 2017 and 2018, 85% of reported mortgage loans were delinquent between 61–149 days (2 and 5 months). Table 4 depicts the large majority of servicers sending RTC Notices during the ‘120–149 days’ delinquency period. No notices filed reflected a delinquency past 149 days.

FIGURE 5

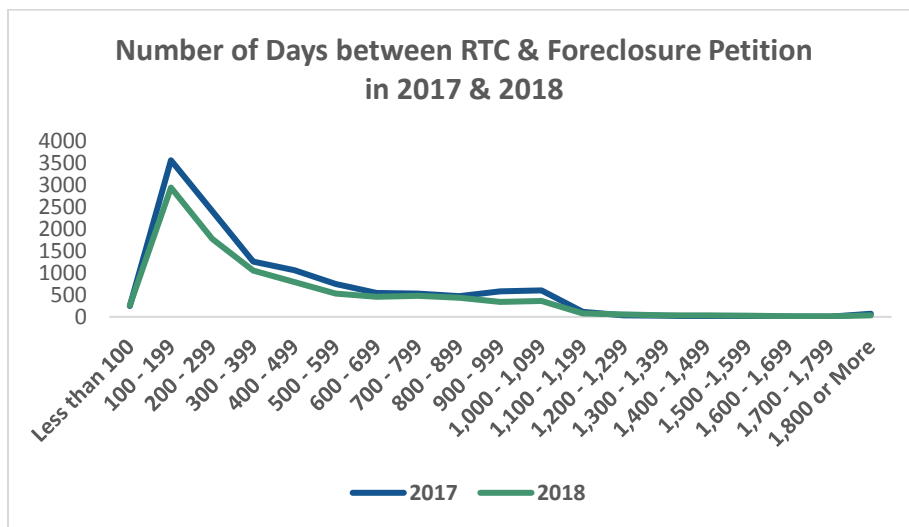


TABLE 4: RTC NOTICE TO FORECLOSURE PETITION FILE DATE IN DAYS

RTC to Petition (Days)	No. of Notices in 2017	% of Total Notices in 2017	No. of Notices in 2018	% of Total Notices in 2018
Less than 100	244	2.0%	258	2.7%
100 – 199	3565	29.0%	3565	30.3%
200 – 299	2411	19.6%	2411	18.3%
300 – 399	1261	10.3%	1261	10.9%
400 – 499	1060	8.6%	1060	8.1%
500 – 599	747	6.1%	747	5.5%
600 – 699	546	4.4%	546	4.7%
700 – 799	528	4.3%	528	4.9%
800 – 899	473	3.9%	473	4.5%
900 – 999	584	4.8%	584	3.5%
1,000 – 1,099	600	4.9%	600	3.7%
1,100 – 1,199	117	1.0%	117	0.8%
1,200 – 1,299	33	0.3%	33	0.6%
1,300 – 1,399	26	0.2%	26	0.4%
1,400 - ,1499	8	0.1%	8	0.3%
1,500 - ,1599	9	0.1%	9	0.3%
1,600 – 1,699	7	0.1%	7	0.2%
1,700 – 1,799	4	0.1%	4	0.2%
1,800 or more	10	0.6%	70	0.3%
Total	12293		9724	

Figure 5 and Table 4 depict the time between submissions of RTC Notices and Foreclosure Petitions. It should be noted that more Foreclosure Petitions were filed in 2017 than in 2018 (12,293 versus 9,724) representing a nearly 20% decrease. In both 2017 and 2018 the bulk (59%) of Foreclosure Petitions were filed between 100 and 399 days after the RTC Notice filing. Less than 7% of Foreclosure Petitions were filed at 1,000 or more days after the RTC Notice filing in 2017 and 2018.

FIGURE 7

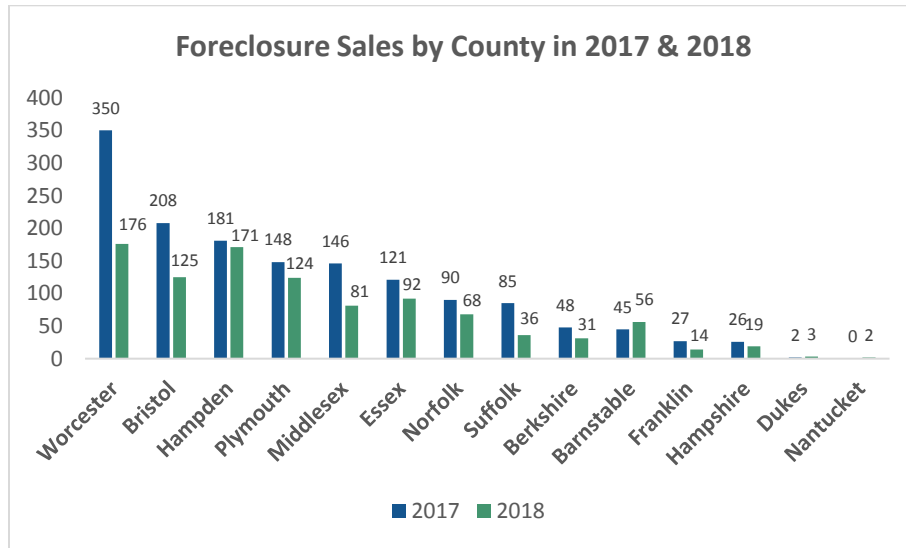


TABLE 5: FORECLOSURE SALES BY COUNTY

County	No. of Foreclosure Sales in 2018	Foreclosure Sales per 10,000 Residents ⁸	No. of Foreclosure Sales in 2017	Foreclosure Sales per 10,000 Residents ⁸	% Change from 2017 to 2018
Worcester	176	2.20	350	4.38	-49.7%
Bristol	125	9.53	208	15.85	-39.9%
Hampden	171	10.82	181	11.45	-5.52%
Plymouth	124	2.51	148	2.99	-16.2%
Middlesex	81	0.54	146	0.97	-44.5%
Essex	92	1.24	121	1.63	-24.0%
Norfolk	68	1.01	90	1.34	-24.4%
Suffolk	36	1.67	85	3.94	-57.7%
Berkshire	31	2.36	48	3.66	-35.4%
Barnstable	56	0.78	45	0.62	-24.4%
Franklin	14	0.19	27	0.36	-48.2%
Hampshire	19	0.13	26	0.17	-26.9%
Dukes	3	0.05	2	0.04	-50.0%
Nantucket	2	0.03	0	0.00	200%
Total	998		1,477		-32.4%

Figure 7 shows that the largest concentration of foreclosure sale activity is evident in Worcester County, 26% in 2017 and 18% in 2018. Despite this, it is worth noting that Worcester County’s foreclosure sale volume has in fact decreased by nearly 50% since 2017.

Additionally, Table 5 illustrates that data for the entire Commonwealth saw a 32% decrease of foreclosure sale activity in 2018 from the prior year. While in 2017 the state observed 1,477 in foreclosure sales, 2018 culminated with a drop in foreclosure sales at 998.

⁸ Residential data is based on the 2010 United States Census information.