



FOR IMMEDIATE RELEASE  
October 18, 2011

Contact: Lloyd P. LaFountain III, Superintendent  
Maine Bureau of Financial Institutions  
207-624-8570

## **Seriously Delinquent Mortgage Loans Decrease at Maine Banks and Credit Unions and New Mortgage Loan Starts Rise, but Foreclosure Activity Continues to Increase**

GARDINER, MAINE – Bureau of Financial Institutions' Superintendent Lloyd P. LaFountain, III has released results from a quarterly survey covering residential mortgage loans held by Maine's 32 state-chartered banks and credit unions. The survey shows a favorable trend in seriously delinquent mortgages, which dropped to their lowest level since June 2010. The survey also found the number of loans dropping out of the foreclosure process due to a reason other than foreclosure to be the highest since tracking began. Additionally, new mortgage loan originations increased 9% over the prior quarter.

At the same time, the number of mortgages in process of foreclosure continued to climb. Further modest increases in foreclosure activity at Maine banks and credit unions for the remainder of 2011 are possible. The overall level of foreclosure activity at Maine-chartered financial institutions, however, remains lower than in many other states and does not pose a threat to the stability of Maine-chartered financial institutions.

“State-chartered banks and credit unions continue to experience a modest increase in foreclosure activity, but it's hoped the downward trend in seriously delinquent loans will continue and result in fewer foreclosure starts in the months ahead,” Superintendent LaFountain commented. “It's also encouraging that the number of new mortgage loans increased. An ongoing trend in that direction could prove helpful to the overall economy.”

The Bureau has been surveying the 32 state-chartered banks and credit unions regarding foreclosure activity on a quarterly basis since October 2006. The most recent data covers April through June 2011. Importantly, the survey does not include data from entities not regulated by the Bureau, such as federally-chartered banks, federally-chartered credit unions and mortgage companies licensed to do business in Maine.

According to the survey results, the 32 state-chartered financial institutions held approximately 48,000 first mortgage loans at the end of June. There were 325 first mortgages in process of foreclosure (IPF), or one loan for every 147 first mortgages. At the end of the first quarter of 2011, 310 loans were in IPF status. However, the net quarterly increase in first mortgage IPF, adjusted for foreclosures, decreased by nearly 50% and was less than one-half the rate of increase experienced in the prior two quarters.

As a percentage of first mortgages, IPF loans remain relatively low at Maine-chartered banks and credit unions, 0.68% at the end of the second quarter. The number of mortgages that dropped out of IPF for some reason other than a completed foreclosure (e.g., loan brought current, restructured, or

short sale) reached their highest numeric level and second highest percentage level in the second quarter. This number/ratio is viewed as an indicator of the institutions' willingness to work with their borrowers to minimize foreclosures.

<b>IPF</b>	<b>12/06</b>	<b>12/07</b>	<b>12/08</b>	<b>12/09</b>	<b>6/10</b>	<b>9/10</b>	<b>12/10</b>	<b>3/11</b>	<b>6/11</b>
<b>1<sup>st</sup> REM</b>	62	120	148	226	226	216	250	310	325
<b>1<sup>st</sup> REM</b>	0.15%	0.26%	0.31%	0.48%	0.48%	0.45%	0.52%	0.66%	0.68%
<b>Net Qtr Incr</b>	N/A	52.2%	31.8%	31.5%	21.7%	12.0%	36.1%	39.6%	17.4%
<b>IPF/PD&gt; 90</b>	N/A	N/A	N/A	45.2%	45.1%	38.3%	42.2%	53.4%	59.1%
<b>Drop-outs</b>	N/A	N/A	12.9%	20.0%	8.0%	10.3%	9.7%	1.6%	15.5%

Beginning with the 2008 first quarter survey (January-March, 2008), data on the number of foreclosures initiated in the current quarter was requested. During the second quarter of 2011, foreclosure proceedings were started on 102 first mortgages, 0.21% of all outstanding first mortgages, or one for every 469 first mortgages. As a percentage of seriously delinquent first mortgages (at prior quarter-end), the percentage of foreclosure starts has been steady for the last three quarters, at roughly 18%. Approximately, one of every five seriously delinquent mortgages held by Maine-chartered financial institutions enters the foreclosure process.

<b>Foreclosures Initiated</b>	<b>3/08</b>	<b>12/08</b>	<b>12/09</b>	<b>6/10</b>	<b>9/10</b>	<b>12/10</b>	<b>3/11</b>	<b>6/11</b>
<b># 1<sup>st</sup> REM</b>	45	59	103	67	52	99	103	102
<b>% 1<sup>st</sup> REM</b>	0.09%	0.12%	0.22%	0.14%	0.11%	0.21%	0.22%	0.21%
<b>FC Start/1<sup>st</sup> REM</b>	1,060	813	455	706	919	481	459	469
<b>FC Starts/PD 90+</b>	N/A	N/A	21.5%	13.3%	10.0%	17.6%	17.4%	17.6%

The Bureau also requests data on completed foreclosures (FC). After steadily increasing each year since 2006, the number of FC has declined modestly year-to-date compared to the same period last year. The number of quarterly FC, steady at 39 for both the first and second quarters, is the lowest since the fourth quarter of 2009. The second quarter was the third consecutive quarter and fourth in the last five without an increase. Overall, FC remain elevated, but the number also remains low in relation to the total of outstanding mortgages – one for every 1,212 first mortgages.

More information on residential real estate lending by Maine's financial institutions is available in the Bureau's 2011 Annual Report to the Legislature at [www.maine.gov/pfr/financialinstitutions](http://www.maine.gov/pfr/financialinstitutions).

*The Bureau of Financial Institutions is part of the Department of Professional and Financial Regulation, which encourages sound ethical business practices through impartial regulation of insurers, financial institutions, creditors, investment providers, and numerous professions and occupations for the purpose of protecting the citizens of Maine. Consumers can reach the Bureau through the Department's website ([www.maine.gov/pfr](http://www.maine.gov/pfr)); by calling 1-800-965-5235 or by writing to Bureau of Financial Institutions, 36 State House Station, Augusta, Maine 04333.*

###