



FOR IMMEDIATE RELEASE  
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## **Bureau of Financial Institutions’ Survey Shows Continuation of Upward Trend in Home Foreclosures at Maine Banks and Credit Unions But Significant Increase in New Mortgage Loan Originations**

AUGUSTA, MAINE – Superintendent Lloyd P. LaFountain, III announced this week that recently completed analysis by the Bureau of Financial Institutions of second quarter 2009 data submitted by Maine-chartered banks and credit unions shows a continuing modest increase in home foreclosures in Maine.

The number of foreclosure proceedings on first mortgages being initiated, however, decreased slightly from the first quarter of this year. In general, foreclosure activity at Maine banks and credit unions appears to be lower than in many other states and it does not pose a threat to the stability of Maine-chartered financial institutions.

Additionally, the survey indicates a substantial increase in new home loans originations. At their low point during the fourth quarter of 2008, approximately 3,650 residential mortgage loans were initiated. During the second quarter of this year, more than 5,300 were originated.

<b>Mortgages Originated</b>	<b>3/08</b>	<b>6/08</b>	<b>9/08</b>	<b>12/08</b>	<b>3/09</b>	<b>6/09</b>
<b># 1<sup>st</sup> REM</b>	1,492	2,222	2,159	1,687	3,203	3,583
<b># Jr. REM</b>	1,683	2,343	3,241	1,970	1,530	1,719

“The continuing upward trend in home foreclosures is modest and does not threaten the solvency of Maine-chartered banks and credit unions,” Superintendent LaFountain commented. “We are encouraged by the sharp increase in new home mortgage loans being originated at our State regulated financial institutions.”

This most recent data covers April through June 2009. It pertains to residential real estate lending and was obtained from the 32 financial institutions (banks and credit unions) that have been state-chartered in Maine from the end of 2006 through June 2009. The Bureau has been surveying state-chartered banks and credit unions regarding foreclosure activity since October 2006.

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According to second quarter survey results, the 32 state-chartered financial institutions held 85,811 mortgage loans at the end of June, consisting of nearly 49,000 first mortgage loans and more than 37,000 junior lien mortgage loans (including home equity lines of credit). Of the 85,811 loans, 260 (184 first mortgages and 76 junior lien mortgages) were *in process of foreclosure (IPF)*, or one loan for every 330 mortgages (one for every 265 first mortgages). This continues the ongoing upward trend since 2006. During the first quarter of this year, 240 loans were in IPF status. As a percentage of total mortgages, though, IPF loans remain relatively low, 0.30% during the second quarter (up from 0.28% during the first quarter of 2009).

IPF	12/06	3/07	6/07	9/07	12/07	3/08	6/08	9/08	12/08	3/09	6/09	# Loans
<b>1<sup>st</sup> REM</b>	62	68	72	90	120	126	128	132	148	177	184	48,787
<b>Jr REM</b>	20	17	22	23	35	59	58	63	65	63	76	37,024
<b>All REM</b>	82	85	94	113	155	185	186	195	213	240	260	85,811
<b>1<sup>st</sup> REM</b>	0.15%	0.16%	0.17%	0.21%	0.26%	0.26%	0.27%	0.27%	0.30%	0.36%	0.38%	
<b>Jr REM</b>	0.08%	0.06%	0.08%	0.08%	0.12%	0.16%	0.15%	0.17%	0.17%	0.17%	0.21%	
<b>All REM</b>	0.12%	0.12%	0.13%	0.16%	0.20%	0.22%	0.22%	0.22%	0.24%	0.28%	0.30%	

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 2009, foreclosure proceedings were started on 61 first mortgages, 0.13% of all outstanding first mortgages, or one for every 800 first mortgages. This represents a slight decrease from the prior quarter. However, foreclosure proceedings initiated on junior mortgages increased.

Foreclosures Initiated	3/08	6/08	9/08	12/08	3/09	6/09
<b># 1<sup>st</sup> REM</b>	45	35	62	59	65	61
<b>% 1<sup>st</sup> REM</b>	0.09%	0.07%	0.13%	0.12%	0.13%	0.13%
<b>FC Start/1<sup>st</sup> REM</b>	1,060	1,362	794	839	756	800
<b># Jr. REM</b>	26	14	26	20	16	27
<b>% Jr. REM</b>	0.07%	0.04%	0.07%	0.05%	0.04%	0.07%
<b>FC Start/Jr. REM</b>	1,424	2,709	1,449	1,877	2,319	1,371

The Bureau also requests data on *completed foreclosures (FC)*. The table below shows numbers increasing from 52 in 2006 to 67 in 2007. In 2008, that number jumped to 159. Completed foreclosures in the second quarter of 2009 totaled 40 mortgages, 0.046% of outstanding mortgages. The number of FC on first mortgages increased, while FC on junior mortgages declined. The overall number of FC remains low, especially in relation to the total of outstanding mortgages – only one for every 2,156 mortgages and one for every 1,405 first mortgages.

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<b>FC</b>	<b>2006</b> *	<b>2007</b> **	<b>3/08</b>	<b>6/08</b>	<b>9/08</b>	<b>12/08</b>	<b>2008</b> **	<b>3/09</b>	<b>6/09</b>
<b>1<sup>st</sup> REM</b>	<b>50</b>	<b>52</b>	23	32	38	26	<b>119</b>	21	35
<b>Jr REM</b>	<b>2</b>	<b>15</b>	5	11	13	11	<b>40</b>	17	5
<b>All REM</b>	<b>52</b>	<b>67</b>	28	43	51	37	<b>159</b>	38	40
<b>% of Prior Quarter-end Loans</b>									
<b>1<sup>st</sup> REM</b>	<b>0.12%</b>	<b>0.12%</b>	0.050%	0.067%	0.080%	0.053%	<b>0.24%</b>	0.042%	0.071%
<b>Jr REM</b>	<b>0.01%</b>	<b>0.05%</b>	0.017%	0.030%	0.034%	0.029%	<b>0.11%</b>	0.045%	0.013%
<b>All REM</b>	<b>0.07%</b>	<b>0.09%</b>	0.037%	0.051%	0.060%	0.043%	<b>0.19%</b>	0.044%	0.046%

\* Annual percentage is based on number of loans outstanding at 12/31/06;

\*\* Annual percentage is based on average number of loans outstanding in the year.

The survey does not include data from entities not regulated by the Bureau which include federally-chartered banks, federally-chartered credit unions and mortgage companies licensed to do business in Maine.

More information on the status of residential real estate lending by Maine’s financial institutions is available in the Bureau’s 2009 Annual Report to the Legislature, which can be found 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.*

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