



DEPARTMENT OF

Professional &  
Financial Regulation

STATE OF MAINE

- OFFICE OF SECURITIES
- BUREAU OF INSURANCE
- CONSUMER CREDIT PROTECTION
- BUREAU OF FINANCIAL INSTITUTIONS
- OFFICE OF LICENSING AND REGISTRATION

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## **Home Foreclosures Increase at State-Chartered Banks and Credit Unions at End of 2010**

Foreclosure Numbers, However, Remain Relatively Low Among these  
Lenders and Do Not Pose Threat to Maine Financial Institutions

AUGUSTA, ME – Bureau of Financial Institutions Superintendent Lloyd P. LaFountain, III announced this week that fourth quarter 2010 data submitted by Maine-chartered banks and credit unions shows an increase in home foreclosure-related activity in Maine, a reversal of the decline occurring at state-chartered financial institutions in the prior three months.

The most recent data covers October through December 2010. It pertains to residential real estate lending and was obtained from the 32 banks and credit unions that have been state-chartered in Maine from the end of 2006 through December 2010. The Bureau has surveyed state-chartered financial institutions regarding foreclosure activity since October 2006. 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.

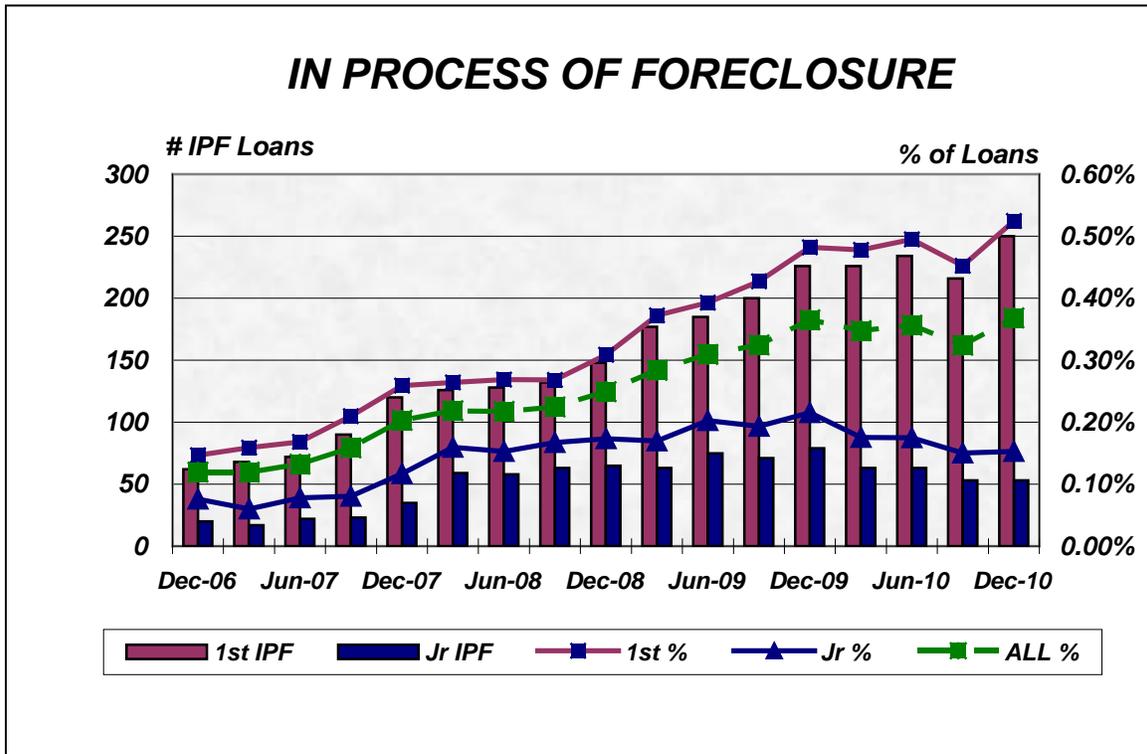
According to fourth quarter survey results, the 32 state-chartered financial institutions held 82,289 mortgage loans at the end of December, consisting of 47,654 first mortgage loans and 34,635 junior lien mortgage loans (including home equity lines of credit).

Of those 82,289 loans, **303** (250 first mortgages and 53 junior lien mortgages) were in process of foreclosure (IPF), or one loan for every 272 mortgages (one for every 191 first mortgages). At the end of the third quarter of 2010, **269** loans were in IPF status. As a percentage of total mortgages, IPF loans at state-chartered banks and credit unions remain relatively low, 0.37% at the end of the fourth quarter (up slightly from 0.32% at the end of the third quarter of 2010).

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In Process of Foreclosure (IFP):

IPF	12/06	12/07	12/08	12/09	3/10	6/10	9/10	12/10	# Loans
<b>1<sup>st</sup> REM</b>	62	120	148	226	226	234	216	250	47,654
<b>Jr. REM</b>	20	35	65	79	63	63	53	53	34,635
<b>All REM</b>	82	155	213	305	289	297	269	303	82,289
<b>1<sup>st</sup> REM</b>	0.15%	0.26%	0.31%	0.48%	0.48%	0.49%	0.45%	0.52%	
<b>Jr. REM</b>	0.08%	0.12%	0.17%	0.22%	0.18%	0.17%	0.15%	0.15%	
<b>All REM</b>	0.12%	0.20%	0.25%	0.37%	0.35%	0.36%	0.32%	0.37%	



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 fourth quarter of 2010, foreclosure proceedings were started on **99** first mortgages, 0.21% of all outstanding first mortgages, or one for every 481 first mortgages.

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This represents nearly double the number initiated in the third quarter and the highest number since the fourth quarter of 2009. However, as a percentage of seriously delinquent first mortgages (90 days or more past due), the percentage of foreclosure starts in the fourth quarter was only nominally higher than the average for the prior seven quarters (16%). Foreclosure proceedings initiated on junior mortgages increased slightly for the first time since the first quarter of 2010.

<b>Foreclosures Initiated</b>	<b>3/08</b>	<b>12/08</b>	<b>12/09</b>	<b>3/10</b>	<b>6/10</b>	<b>9/10</b>	<b>12/10</b>
<b># 1<sup>st</sup> REM</b>	45	59	103	85	67	52	99
<b>% 1<sup>st</sup> REM</b>	0.09%	0.12%	0.22%	0.18%	0.14%	0.11%	0.21%
<b>FC Start/1<sup>st</sup> REM</b>	1,060	813	455	556	706	919	481
<b># Jr. REM</b>	26	20	20	25	22	16	19
<b>% Jr. REM</b>	0.07%	0.05%	0.05%	0.07%	0.06%	0.05%	0.05%
<b>FC Start/Jr. REM</b>	1,424	1,877	1,833	1,436	1,640	2,202	1,823

The Bureau also requests data on completed foreclosures (FC). As seen in the table below, the number of FC has steadily risen, particularly in 2008 and in 2010, as both first mortgages and total mortgages foreclosed in 2010 increased 40%. The number of first mortgages foreclosed in each quarter of 2010 has been very steady, ranging from a low of 41 to a high of 46. After peaking at 31 in the first quarter, the number of junior lien mortgages foreclosed decreased each quarter throughout the remainder of 2010. Although FC remain elevated at state-chartered banks and credit unions, the number remains low in relation to the total of outstanding mortgages – only one for every 1,628 mortgages and one for every 1,086 first mortgages.

<b>FC</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>3/10</b>	<b>6/10</b>	<b>9/10</b>	<b>12/10</b>	<b>2010</b>
	*	**	**	**					**
<b>1<sup>st</sup> REM</b>	<b>50</b>	<b>52</b>	<b>119</b>	<b>126</b>	45	41	46	44	<b>176</b>
<b>Jr. REM</b>	<b>2</b>	<b>15</b>	<b>40</b>	<b>49</b>	31	19	12	7	<b>69</b>
<b>All REM</b>	<b>52</b>	<b>67</b>	<b>159</b>	<b>175</b>	76	60	58	51	<b>245</b>
<b>% of Prior Quarter-end Loans</b>									
<b>1<sup>st</sup> REM</b>	<b>0.12</b>	<b>0.12</b>	<b>0.24</b>	<b>0.27</b>	0.096	0.087	0.097	0.092	<b>0.37</b>
	%	%	%	%	%	%	%	%	%
<b>Jr. REM</b>	<b>0.01</b>	<b>0.05</b>	<b>0.11</b>	<b>0.13</b>	0.085	0.053	0.033	0.020	<b>0.19</b>
	%	%	%	%	%	%	%	%	%
<b>All REM</b>	<b>0.07</b>	<b>0.09</b>	<b>0.19</b>	<b>0.21</b>	0.091	0.072	0.070	0.061	<b>0.29</b>
	%	%	%	%	%	%	%	%	%

\* 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.

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According to Superintendent LaFountain, “Despite the increase in foreclosure activity at Maine banks and credit unions, the numbers remain lower than in many other states and do not threaten the stability of Maine-chartered financial institutions.”

More information on the status of residential real estate lending by Maine’s financial institutions is available in the Bureau’s 2011 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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