

## *December 31, 2009 FORECLOSURE SURVEY*

The foreclosure data presented below is from the 32 financial institutions that have been Maine state-chartered (“MSFI”) for each quarter beginning Dec-31-06 and ending Dec-31-09; the data does not include that from any institution that was state-chartered for only part of that period nor does it include data from any federally-chartered institution operating in Maine.<sup>1</sup>

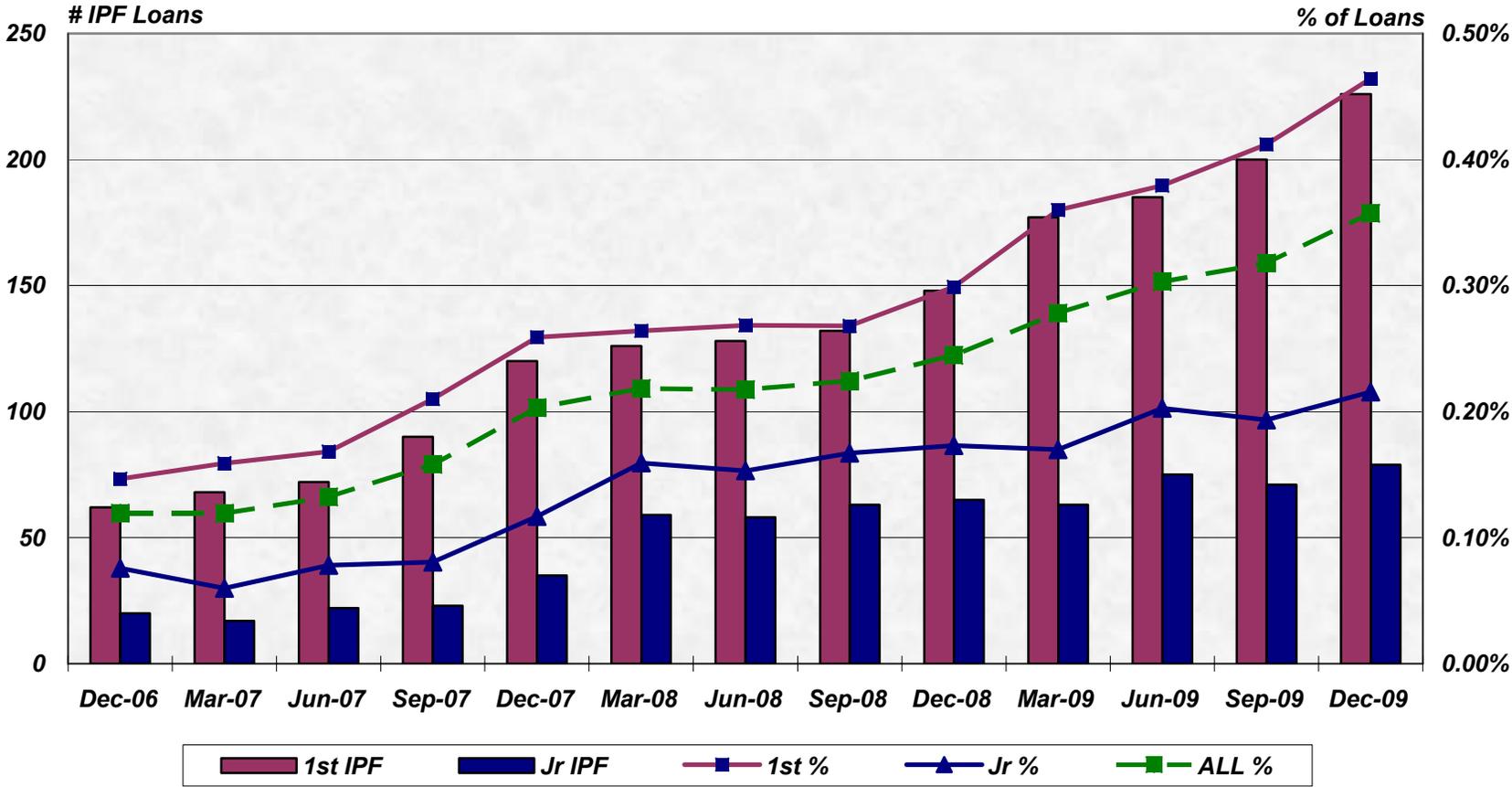
### *IN PROCESS OF FORECLOSURE*

<b>IPF</b>	<b>12/06</b>	<b>12/07</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>9/09</b>	<b>12/09</b>	<b># Loans</b>
<b>1<sup>st</sup> REM</b>	62	120	126	128	132	148	177	185	200	226	48,677
<b>Jr REM</b>	20	35	59	58	63	65	63	75	71	79	36,651
<b>All REM</b>	82	155	185	186	195	213	240	260	271	305	85,328
<b>1<sup>st</sup> REM</b>	0.15%	0.26%	0.26%	0.27%	0.27%	0.30%	0.36%	0.38%	0.41%	0.46%	
<b>Jr REM</b>	0.08%	0.12%	0.16%	0.15%	0.17%	0.17%	0.17%	0.20%	0.19%	0.22%	
<b>All REM</b>	0.12%	0.20%	0.22%	0.22%	0.22%	0.24%	0.28%	0.30%	0.32%	0.36%	

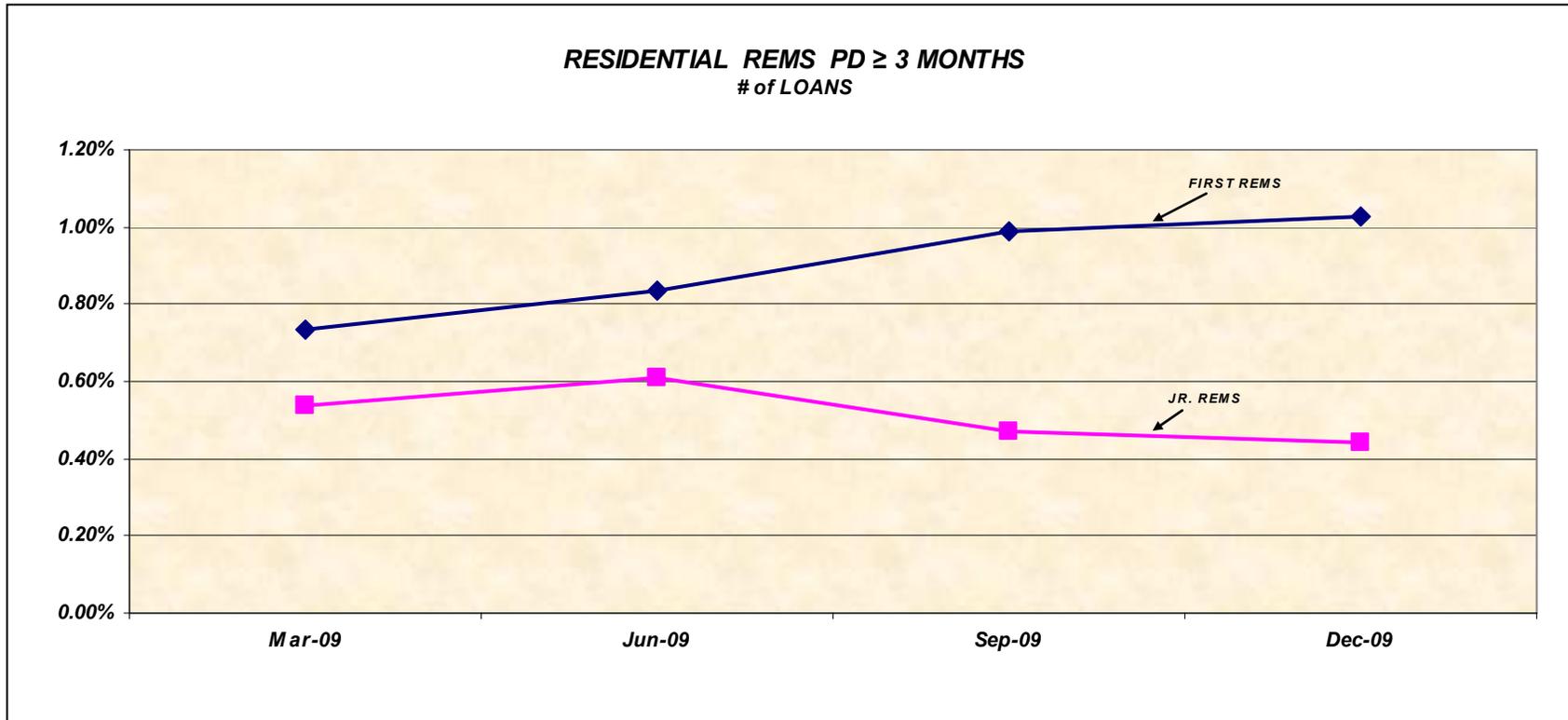
- ❖ 85 thousand mortgages, (48.7 thousand first lien and 36.7 thousand junior lien), held by MSFI at 12/31/09
- ❖ Total IPF increased every quarter
- ❖ 305 IPF, 0.36% of total outstanding mortgages, vs. 0.32% at 9/09 and 0.12% at 12/06
- ❖ 1 IPF per every 280 mortgages and 1 IPF per every 215 1<sup>st</sup> REM
- ❖ Q4/09 total IPF increase (34) largest since fourth quarter 2007
- ❖ Q4 /09 IPF increase in 1<sup>st</sup> REM second highest in the last eight quarters
- ❖ 1<sup>st</sup> REM IPF account for an increasing percentage of total IPF

<sup>1</sup> The 32 state-chartered financial institutions consist of 20 state-chartered banks, consisting of 5 commercial banks, 14 savings banks and 1 savings and loan association, and 12 state-chartered credit unions.

# IN PROCESS OF FORECLOSURE



## MORTGAGE DELINQUENCY



- ❖ Number of first mortgages PD $\geq$ 3 months has increased each quarter, climbing from 0.73% of outstanding first mortgages at 3/09 to 1.03% at 12/09
- ❖ PD $<$ 3 months increased during the most recent quarter, from 1.22% to 1.55%, its highest level of the year
- ❖ Substantial increase in the PD $<$ 3 months may be an indicator of future increases in the PD $\geq$ 3 months (or it may simply be a seasonal increase that will correct itself in Q1/10)
- ❖ Delinquency rates on junior mortgages, both PD $<$ 3 months and PD $\geq$ 3 months, declined for the second consecutive quarter, to 0.69% for PD $<$ 3 months and 0.44% for PD $\geq$ 3 months, and were at their lowest level of the year

## **FORECLOSURES COMPLETED**

<b>FC</b>	<b>2006</b> *	<b>2007</b> **	<b>2008</b> **	<b>3/09</b>	<b>6/09</b>	<b>9/09</b>	<b>12/09</b>	<b>2009</b> **
<b>1<sup>st</sup> REM</b>	<b>50</b>	<b>52</b>	<b>119</b>	21	35	33	37	<b>126</b>
<b>Jr REM</b>	<b>2</b>	<b>15</b>	<b>40</b>	17	5	22	5	<b>49</b>
<b>All REM</b>	<b>52</b>	<b>67</b>	<b>159</b>	38	40	55	42	<b>175</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>	0.042%	0.071%	0.068%	0.076%	<b>0.26%</b>
<b>Jr REM</b>	<b>0.01%</b>	<b>0.05%</b>	<b>0.11%</b>	0.045%	0.013%	0.059%	0.014%	<b>0.13%</b>
<b>All REM</b>	<b>0.07%</b>	<b>0.09%</b>	<b>0.19%</b>	0.044%	0.046%	0.064%	0.049%	<b>0.20%</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.

- ❖ Nominal increase in the number of first mortgages foreclosed in Q4/09, from 33 in Q3 to 37
- ❖ Sharp decline in the number of junior mortgages foreclosed in Q4/09, from 22 in Q3 to 5
- ❖ Overall, 42 mortgages foreclosed in Q4, 0.049% of mortgages outstanding at 9/30/09
- ❖ For 2009, modest increase in the number of FC after doubling in 2008
- ❖ Number of FC remains very low, especially in relation to the total number of outstanding mortgages – only one for every 2,030 mortgages and one for every 1,312 first mortgages.
  
- ❖ Sum of number of cumulative FC (since 1/1/07) and the number of IPF (current quarter) provides a more accurate picture of the total number of financially-troubled mortgages since the current crisis began
- ❖ At 12/31/09 there were 305 mortgages IPF and 401 mortgages FC since 1/1/07, or a total of 706 troubled mortgages, representing 0.82% of current period outstanding mortgages (including the FC mortgages)

## **OUTSTANDING MORTGAGES, ORIGINATIONS and SALES**

### **FIRST MORTGAGES**

- ❖ Quarterly change in the number of outstanding first mortgages positive for the first time since the last quarter of 2008, increasing a nominal 0.3% for the quarter
- ❖ Total outstanding first mortgages declined during 2009, dropping 1.6%
- ❖ Total originations for 2009 were nearly 12,000, an increase of 56% over the 7,600 originated in 2008
- ❖ Fourth quarter originations, though the lowest of any quarter in 2009, were up 41% from the fourth quarter of 2008 (and also were higher than any quarter of 2008)
- ❖ Nearly 50% of 2009 originations sold (assumes all sales were new originations), compared to 26% in 2008
- ❖ Increased sales partially explains decrease in total outstanding mortgages
- ❖ After sales, net new mortgage originations retained (total new originations less sales) only increased 9% in 2009 over 2008 net volume

### **JUNIOR MORTGAGES**

- ❖ Number of outstanding junior mortgages has decreased for six consecutive quarters and is down 950, or 2.5% for calendar 2009
- ❖ Number of originations in 2009 was down 30% from 2008
- ❖ Number of originations in Q4/09 was the lowest in the last two years, 13% lower than Q3/09 and 24% lower than Q4/08
  
- ❖ MSFI originated nearly twice as many first mortgages in 2009 as junior mortgages
- ❖ In 2008, they originated 1.1 junior mortgage for every first mortgage originated

## **SUMMARY**

- ❖ Number of problem mortgages, represented by IPF, FC and seriously delinquent, continued to climb in Q4/09
- ❖ Problems increasingly concentrated in first mortgages, where the trends are all negative and the rate of deterioration accelerated in all but PD $\geq$ 3 months
- ❖ Data for Q1/10 will provide more insight on whether Q4 results were largely influenced by seasonal factors or deteriorating (or stagnant) structural issues
- ❖ Survey data also indicates that the MSFI continue to delay initiating and completing the foreclosure process
- ❖ Delinquency and IPF data for the MSFI continue to compare very favorably to national data.