



Bureau of Financial Institutions

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Survey of Maine Banks and Credit Unions Shows Mixed Results:

Mortgage Loans In Process of Foreclosure Falls and New Mortgage Lending Activity Increase, But Completed and New Foreclosures Increase

GARDINER – Bureau of Financial Institutions’ Superintendent Lloyd P. LaFountain III announced Friday that the fourth quarter 2011 survey covering first residential mortgage loans held by Maine’s 32 state-chartered banks and credit unions continued the recent trend of mixed performance.

Positive indicators included a decrease in the number of first mortgages in the process of foreclosure, and a small decrease in serious delinquencies (past due 90 days or more). Additionally, the number of first mortgages originated in the fourth quarter was the highest since the third quarter of 2010. The increase is partly attributed to refinancing, which accounted for 50% of all originations.

Foreclosure starts, however, increased in the fourth quarter after declining in the third quarter. Also, completed foreclosures continued to rise.

“Foreclosure activity at Maine’s state-chartered financial institutions, while higher than desired and above historical levels, does not pose a threat to the financial stability of these institutions and continues to compare favorably to foreclosure statistics reported by other mortgage lenders in many states,” Superintendent LaFountain commented.

The Bureau has been surveying the 32 state-chartered banks and credit unions regarding foreclosure activity on a quarterly basis since October 2006. The data is limited to the 32 financial institutions that have been state-chartered from the end of 2006 through December 2011. It 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. The most recent data covers October through December 2011.

At the close of 2011, there were 306 first mortgages in process of foreclosure (IPF), or one loan for every 181 first mortgages. This is down from 323 at the end of the third quarter of 2011. As a percentage of first mortgages, IPF loans remain relatively low, 0.55% at the end of the fourth quarter, down from 0.63% at the end of the third quarter.

The number of mortgages that dropped out of IPF for reasons other than a completed foreclosure (e.g. loan brought current or restructured, or short sale) increased to a record high. While a number of factors contribute to this, it is viewed as an indicator of the institutions’ willingness to work with their borrowers to minimize foreclosures.

IPF	12/06	12/07	12/08	12/09	12/10	3/11	6/11	9/11	12/11
1st REM	62	120	148	226	250	305	322	323	306
1st REM	0.15%	0.26%	0.31%	0.48%	0.52%	0.65%	0.64%	0.63%	0.55%
Net Qtr Incr	N/A	52.2%	31.8%	31.5%	36.1%	37.6%	17.7%	13.4%	11.5%
IPF/PD>90	N/A	N/A	N/A	45.2%	42.2%	52.6%	59.5%	54.9%	52.9%
Drop-outs	N/A	N/A	12.9%	20.0%	9.7%	3.6%	15.7%	11.5%	16.4%

During the fourth quarter of 2011, foreclosure proceedings were started on 90 first mortgages, 0.16% of all outstanding first mortgages, or one for every 617 first mortgages. This represents an increase of 10 from the number initiated in the previous quarter.

Foreclosures Initiated	3/08	12/08	12/09	12/10	3/11	6/11	9/11	12/11
# 1st REM	45	59	103	99	103	102	80	90
% 1st REM	0.09%	0.12%	0.22%	0.21%	0.22%	0.20%	0.16%	0.16%
FC Start/1st REM	1,060	813	455	481	459	492	642	617
FC Starts/PD 90+	N/A	N/A	21.5%	17.6%	17.4%	17.6%	14.8%	15.3%

The Bureau also requests data on completed foreclosures (FC). After increasing significantly in 2010, and in each year since the survey began in 2006, the number of completed foreclosures declined in 2011. However, the number of FC in the fourth quarter was the highest quarterly total since the survey began. Overall, FC remain elevated, but the number also remains low in relation to the total of outstanding mortgages – only one for every 951 first mortgages.

FC	2006	2007	2008	2009	2010	2011	3/11	6/11	9/11	12/11
1st REM	50	52	119	126	176	172	39	37	42	54
1st REM	0.12%	0.12%	0.24%	0.27%	0.37%	0.35%	0.082%	0.078%	0.084%	0.105%
FC/IPF (Qtr-End)		<u>12/07</u> 18.9%	<u>12/08</u> 19.7%	<u>12/09</u> 18.5%	<u>12/10</u> 20.4%	<u>12/11</u> 16.7%	15.6%	12.1%	13.0%	16.7%

* 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.

More information on the status of residential real estate lending by Maine's financial institutions is available in the Bureau's 2012 Annual Report to the Legislature, which can be found at 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); 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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