



**May 16, 2014**

## ***New Foreclosures Slow and Declining Delinquencies Continue to Support Signs of Recovery***

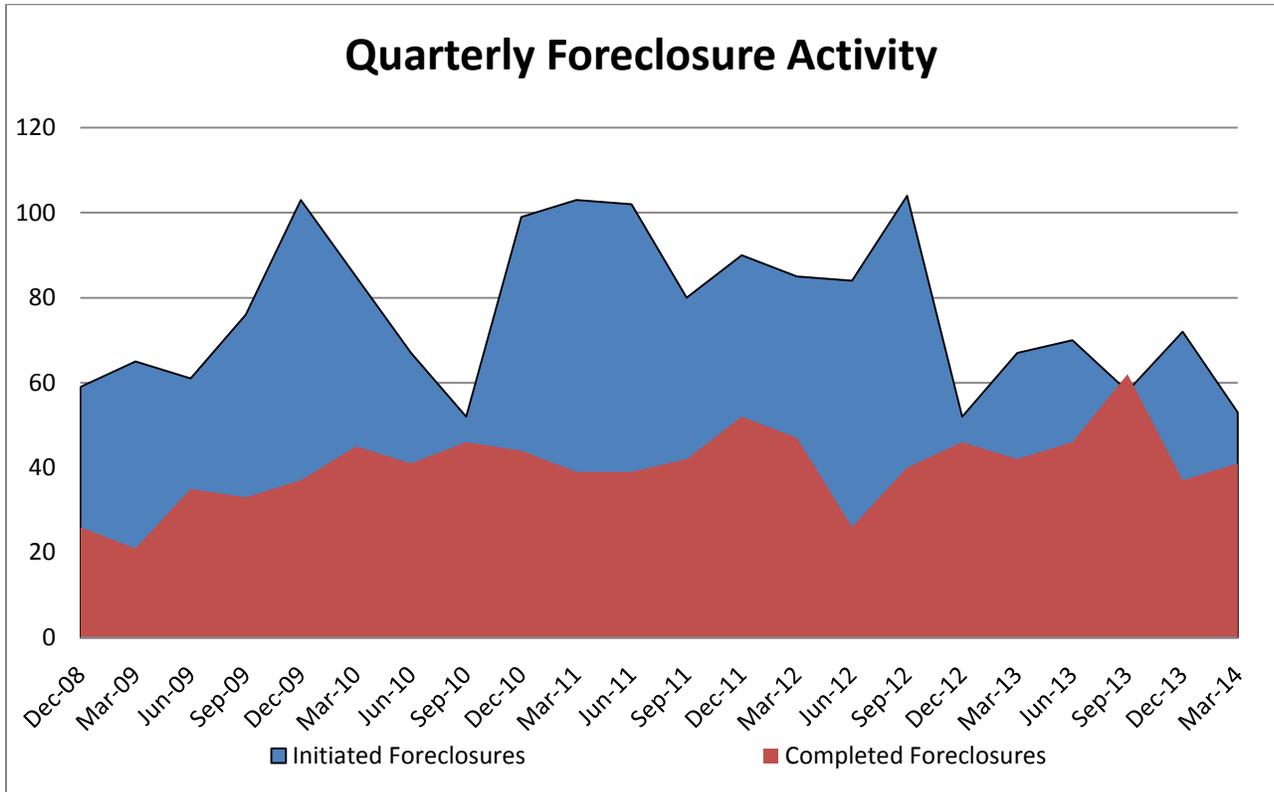
Gardiner – Bureau of Financial Institutions' Superintendent Lloyd P. LaFountain III announced today that foreclosures initiated on first residential real estate loans slowed in the first quarter of 2014 to the lowest number in the last five quarters, and to the lowest percentage level since 2008. Further, the continued reduction of delinquency ratios suggests an improving economy and the increasing capacity of borrowers to fulfill mortgage obligations.

The Bureau has been surveying the 31 state-chartered banks and credit unions regarding foreclosure activity quarterly since 4<sup>th</sup> quarter 2006. The data is limited to the 31 financial institutions that have been state-chartered since year-end 2006 through March 2014. 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.

At the close of March 2014, Maine's 31 state-chartered banks and credit unions held 63,000 first-lien mortgages of which 251 loans were in-process of foreclosure. This level, representing 0.40% of first-lien mortgages, and still above pre-recessionary levels, declined slightly from 0.43% at year-end 2013 and from 0.53% one year earlier at the close of 1<sup>st</sup> quarter 2013.

Initiated foreclosures totaled 53 in the 1<sup>st</sup> quarter 2014, representing a decline from previous quarter and year-over-year comparisons. Completed foreclosures totaled 41 in the 1<sup>st</sup> quarter 2014. Loans dropping out of the foreclosure process, including negotiated resolutions and short sales, totaled 32 in the 1<sup>st</sup> quarter 2014 and were on par with the average for the most recent four quarters.

The Quarterly Foreclosure Activity chart displays the volume of initiated and completed foreclosures for each quarter between December 2008 and March 2014. While not precise, the chart reveals a correlation between high initiated foreclosures and high completed foreclosures, with a 21 to 24 month period between initiating and completing the foreclosure process. Initiated foreclosures were high in 4<sup>th</sup> quarter 2009 and eight quarters later, in 4<sup>th</sup> quarter 2011, completed foreclosures were high. Similarly, high initiated foreclosures between 4<sup>th</sup> quarter 2010 and 2<sup>nd</sup> quarter 2011 were followed by high completed foreclosures seven quarters later between the 3<sup>rd</sup> quarter 2012 and 1<sup>st</sup> quarter 2013. If this pattern holds, the high initiated foreclosures reported in 3<sup>rd</sup> quarter 2012 suggest a spike in completed foreclosures may occur in the second half of this year. There is also a correlation between low initiated foreclosures reported in mid-2010 and low completed foreclosures in 2<sup>nd</sup> quarter 2012.



Early delinquencies (less than 90 days past due) declined from recent periods. The early delinquency ratio of 1.21% at the end of 1<sup>st</sup> quarter 2014 declined from 1.47% at the end of 4<sup>th</sup> quarter 2013 and from 1.37% at the end of 1<sup>st</sup> quarter 2013. More serious delinquencies (90 days or more past due), representing 0.78% of the first-lien mortgages at the end of 1<sup>st</sup> quarter 2014, continue to report declining trends from the peak of 1.24% at year-end 2010.

Superintendent LaFountain reiterated that “foreclosure activity, while remaining above pre-recession levels, appears to be slowly abating and does not pose a threat to the stability of Maine’s state-chartered financial institutions.”

Maine Bureau of Financial Institutions  
Foreclosure Release – May 16, 2014

**Annually:**

<b>1<sup>ST</sup> REM</b>	<b>Dec-08</b>	<b>Dec-09</b>	<b>Dec-10</b>	<b>Dec-11</b>	<b>Dec-12</b>	<b>Dec-13</b>
Number in Process of Foreclosure at Year-End	148	226	250	306	317	271
Foreclosures Completed YTD	119	126	176	172	159	187
Foreclosures Initiated YTD	201	305	303	375	325	267
Percent of 1 <sup>st</sup> Lien REM In Process of Foreclosure at Year-End	0.31%	0.48%	0.52%	0.55%	0.54%	0.43%
Percent of Foreclosures Completed YTD to Average 1 <sup>st</sup> Lien REM	0.25%	0.27%	0.37%	0.34%	0.28%	0.31%
Percent of Foreclosures Initiated YTD to Average 1 <sup>st</sup> Lien REM	0.42%	0.64%	0.64%	0.73%	0.57%	0.44%

**Quarterly:**

<b>1<sup>ST</sup> REM</b>	<b>Mar-13</b>	<b>Jun-13</b>	<b>Sep-13</b>	<b>Dec-13</b>	<b>Mar-14</b>
Number in Process of Foreclosure at Quarter-End	317	307	266	271	251
Foreclosures Completed During the Quarter	42	46	62	37	41
Foreclosures Initiated During the Quarter	67	70	58	72	53
Percent of 1 <sup>st</sup> Lien REM In Process of Foreclosure at Quarter-End	0.53%	0.51%	0.43%	0.43%	0.40%
Percent of Foreclosures Completed During the Quarter to 1 <sup>st</sup> Lien REM	0.07%	0.08%	0.10%	0.06%	0.07%
Percent of Foreclosures Initiated During the Quarter to 1 <sup>st</sup> Lien REM	0.11%	0.12%	0.09%	0.11%	0.08%