

FACT SHEET LD1418: An Act to Preserve Home Ownership and Stabilize the Economy by Preventing Unnecessary Foreclosures

❖ **Enacted Unanimously on June 10, 2009.**

❖ **Direct, Balanced Approach to Maine's Foreclosure Crisis**

- **Enables homeowners and lenders to explore options other than foreclosure:** Modeled after Connecticut's successful court-supervised mediation program and with the support of Maine's Supreme Judicial Court, LD 1418 authorizes and requires Maine's Court to establish a mediation program for foreclosure actions for owner-occupied residential properties of 1 to 4 units where the foreclosed home is primary residence of the owner-occupant. Several other foreclosure mediation programs have met with success in Philadelphia, New Jersey, New York, Central Florida, and Ohio.
 - **Ensures court deals only with lenders who actually own the mortgage:** The entity bringing a foreclosure action must certify proof of ownership of the note and produce evidence of the note, mortgage, all assignments and endorsements of the note and mortgage.
 - **Provides more and better information to homeowners:** The Bureau of Consumer Credit Protection will provide homeowners who receive notice of default from the lender a notice with a summary of their rights and available resources, including the mediation program. The Bureau will also set up a statewide hotline to coordinate homeowners' communication with HUD-certified housing counselors.
 - **Requires notice to tenants in foreclosed homes:** Currently, tenants receive no notice of foreclosure. This legislation would require that tenants receive notifications of foreclosure and time to find alternative housing. These protections would cover tenants in both commercial residential properties and small, 1 to 4 unit properties.
 - **Allows cities to better track foreclosures:** Requires that the assessor of the municipality in which the property is located, be given notice of all foreclosure actions on properties within their jurisdictions. The bill also facilitates electronic collection of foreclosure data from registries of deeds.
 - **Provides a funding source:** Authorizes the court to establish a fee for services to be assessed on foreclosure arbitration filings on the plaintiff. Funding for the hotline, outreach and counseling is provided by eliminating an exemption from the real estate transfer tax for foreclosure-related deeds.
- ❖ **Incorporates Concepts From Bills Submitted by Many Legislators:**
- Counseling & mediation (Rep. Sharon Treat, D – Hallowell, *Bill Sponsor*)
 - Municipal notification (Rep. Steve Beaudette, D-Biddeford)
 - Simplified answer (Senator Deb Simpson, D-Androscoggin)
 - Tenant notification (Rep. Alex Cornell du Houx, D-Brunswick, and Rep. Charlie Priest, D-Brunswick)

❖ **Preventing Unnecessary Foreclosures Helps Everyone**

By the end of December 2008, 5,208 loans were in foreclosure in Maine, a 45% increase from 2007. In 2009, an additional 5,506 loans are projected to go into foreclosure.¹ The rippling effects of these foreclosures spread like cancer, causing declines in property values, loss of tax revenue to fund schools and city services, and leading to an excess of abandoned homes. Statewide, Maine foreclosures are expected to decrease the home values of over 42,000 neighboring homes and a loss of \$130 million in home values if no action is taken.²

❖ **Has Broad Public Support**

AARP Maine
Coastal Enterprises, Inc.
Four Directions Development Corporation
Direct Care Coalition
Engage Maine
League of Young Voters
Legal Services for the Elderly
Maine Affordable Housing Coalition
Maine Association of Area Agencies on Aging
Maine Center for Economic Policy
Maine Council of Churches
Maine Council of Senior Citizens
Maine Equal Justice Partners
Maine People's Alliance
Maine State Employees Association/SEIU Local 1989
Maine Women's Lobby
McLaughlin Financial Group
Molleur Law Firm
NAACP Bangor Chapter
Peter L. Hatem, Esq.
Richard Goldman, Esq.
Roman Catholic Diocese of Portland
Shawn Leyden, Esq.

¹ As projected by the Maine District and Superior Courts.

² See Center for Responsible Lending, *Updated Projections of Subprime Foreclosures in the United States and Their Impact on Home Values and Communities*, Rev. August 2008 at <http://www.responsiblelending.org/mortgage-lending/tools-reources/updated-foreclosure-and-spillover-brief-8-18.pdf>.