



HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002
(207) 287-1440
TTY: (207) 287-4469

John "Jack" E. Ducharme III

34 Heald Street
Madison, ME 04950
Cell: (207) 431-0775
Jack.Ducharme@legislature.maine.gov

TESTIMONY IN FAVOR OF LD 1015

Resolve, Establishing the Commission to Study the Foreclosure Process
APRIL 3, 2023

Senator Carney, Representative Moonen, and esteemed members of the Joint Standing Committee on Judiciary -

My name is Jack Ducharme and I proudly represent the people of Cornville, Madison, and Norridgewock in the Maine House of Representatives. I come before you today to present LD 1015, a *Resolve, Establishing the Commission to Study the Foreclosure Process*.

Before being elected to the Legislature, I was Regional VP for a local bank in Somerset County. I handled both commercial and residential loans. Our bank was known for its conservatism and had very few foreclosures. However, many other banks are not so fortunate.

Since the great Real Estate crash of 2008, there have been many laws passed to try and protect consumers in part from themselves and their desire to own a home regardless of their ability to do so. The regulations that banks have to comply with are many, most designed to give the consumer every opportunity to remain in the home. However, some are really unable to do that. When that situation occurs, the law requires that banks follow a complicated set of rules combines with disclosures and timelines that many times are unnecessary. Some of the rules, while designed to give consumers every opportunity to stay in the home, really just prolong the inevitable foreclosure action. The rules have been created over time so it seems that there is a patchwork of rules in force that sometimes create challenges for financial institutions and for consumers. In these cases, it would be better for the bank and the consumer to complete the foreclosure action quickly so that the property can be returned to the market.

District 71
Cornville, Madison, and Norridgewock

Once the consumer has moved out, often they file bankruptcy which further extends the foreclosure action. When the house is vacant, it is often subject to vandalism, theft and damage. It is estimated that for every 6 months that a house is vacant typically costs the bank \$10 – 15,000 to repair before they can resell.

The intent of this bill is a simple one – to bring stakeholders together to examine these rules to see how this process could be streamlined to return these properties to functional use in a more rapid fashion. According to several local banks, it is worth noting that the current average time to get a property from first notice of foreclosure to “ready to sell” is about 1,100 days.

I am not coming forward today with a silver bullet answer that will fix this process. Rather, I am simply asking to start an honest dialogue with all the stakeholders to find areas in the foreclosure process that can be improved.

This Resolve would establish a commission of stakeholders to review the foreclosure process and the rules that govern it. From that analysis, the Commission would be able to propose rule changes or legislative changes that would help move properties back to market quicker while at the same time maintaining consumer protections. The Resolve suggests a commission of 7 as outlined but I think perhaps it would be helpful to include a representative from Maine Consumer Protection and from Maine Municipal Association to provide perspective of the towns that also have issues with foreclosed properties and the banks that ultimately own them. Bringing the total on the commission to 9 would keep it small enough to not be unwieldy and difficult to manage. I would suggest that as an amendment to this legislation.

Thank you for considering this Resolve and I hope that you will support it. I would be happy to answer any of your questions.

Cordially,

Jack Ducharme