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TESTIMONY IN FAVOR OF LD 184

Resolve, Establishing the Commission to Study the Foreclosure Process

February 12, 2025

Senator Carney, Representative Kuhn, 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 184, 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 primarily 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 combined 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. Many times, the consumer being foreclosed upon fails to report for mediation or court, if the bank can even get a court date thereby prolonging the process. Often, they "fail" to bring required paperwork to the hearing which causes delays and often restarts the disclosure timeline.

District 71
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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 between 6 months and a year.

Most local Maine banks are processing one to three foreclosure actions annually. They have said that the two biggest issues in getting these completed are the Mediation timelines and waiting for Court dates. Timelines are important because many of them involve disclosures required to be given to the consumer. If the consumer fails to show up or fails to bring the appropriate paperwork, the process goes back to square one. This is a large part of the delays experienced.

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. Adding other stakeholders may be helpful but I think it should be limited. Bringing the total on the commission to 9 would keep it small enough to not be unwieldy and difficult to manage.

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