

MAINE BANKERS

Association

February 12, 2025

Testimony to the 132nd Maine Legislature
Committee on Judiciary

Good afternoon, Senator Carney, Representative Kuhn, honorable members of the Committee. My name is Josh Steirman and I am the Director of Government Relations for the Maine Bankers Association. We are testifying today in support of L.D. 184, *Resolve, Establishing the Commission to Study the Foreclosure Process*. The Maine Bankers Association is the trade association representing 34 retail banks across Maine, with over 9,000 employees in virtually every community state-wide. Last year, our banks provided over \$2.5 billion in residential real estate loans, and over \$3.2 billion in small business loans. Banks are deeply embedded in their communities: last year, bankers volunteered over 145,000 hours, and donated over \$18 million to charitable causes. Maine bankers are your neighbors, working to provide a safe place for deposits, modern technology solutions, fraud protection, a home mortgage, or a small business loan.

We should make clear from the outset that residential foreclosures in Maine are exceedingly rare, and almost always a last resort for both a borrower and their lender. Foreclosures are unfortunate, and consumers deserve fair due process before the process is finalized. However, once it becomes clear that a homeowner no longer has the wherewithal to maintain their residence, completing the foreclosure process efficiently is the best way to ensure that properties do not become blighted, and that these neglected properties are transformed back into the housing units which our communities so sorely need.

The residential foreclosure process here in Maine is one of the lengthiest of any state in the nation, normally taking a minimum of 15 months, and typically much longer, often several years. This timeline is simply too long, because as stakeholders proceed through many mandatory waiting periods, multiple rounds of mediation, and several steps through our already backlogged court system, properties are typically abandoned and deteriorating: unmaintained, pipes freezing, lawns overgrown, sitting vacant at a time when our state is in dire need of housing units.

Reforming the foreclosure process could bring those residential units back into circulation and address the housing need, and can be done without disturbing consumer rights. After it becomes clear that a foreclosure is imminent, there is no need for the process to be prolonged and expensive.

Please consider the following input, which was nearly uniform from recent outreach to local bankers in Maine with expertise and experience in this area:

- Lenders typically work with borrowers for many months or years before commencing an action;
- Mediation is almost never fruitful, often abused, and takes an inordinate amount of time;
- Court delays are constant, and many defendants do not make an appearance;
- Redemption periods are essentially never utilized;
- Power-of-sale residential foreclosures should be considered in Maine. This non-judicial alternative is an option in other states including New Hampshire and Massachusetts, but not currently available under Maine law.

In conclusion, a study commission is most appropriate to explore the foreclosure challenge in detail and probe solutions. We look forward to a robust conversation on this issue and thank the Committee for its consideration. I am happy to answer any questions, either today or in a work session. Thank you for your consideration.

Respectfully Submitted,

Joshua Steirman
Director of Government Relations