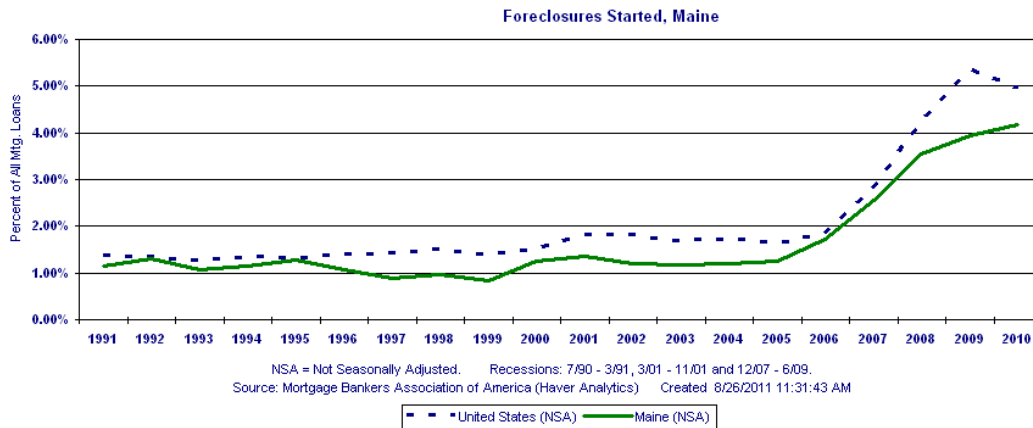


Appendix J

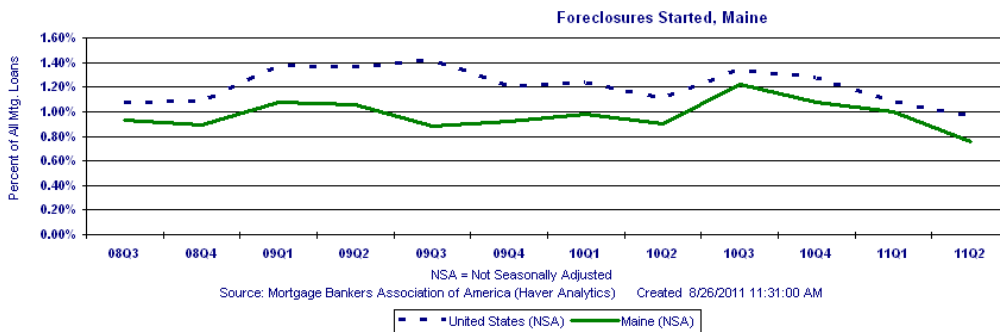
Foreclosures Response

Maine Response to Home Foreclosure Crisis

Foreclosures in Maine increased between 2007 and 2010, although by a smaller percentage than the national average and much less than increases seen in the hardest hit states.



Since 3rd quarter 2010, there has been a slow, steady decline in foreclosure starts in Maine, which appears to be accelerating thru the 2nd quarter of 2011.



In Maine, the larger communities were faced with higher foreclosure rates. Communities facing the higher rates of default include Sanford, Portland, Gorham, Saco, Biddeford, Bangor, Lewiston and Auburn.

Prevention Efforts

The foreclosure rate on MaineHousing mortgages has remained below state and regional averages, in part because of the Maine HOPE Program – Home Ownership Protection for unEmployment. The program assists MaineHousing borrowers who lose their jobs. MaineHousing makes 4 mortgage payments for those who are eligible, including taxes and homeowners insurance. The amount paid becomes a junior mortgage lien that gets paid with no interest and no penalty when the mortgage is paid off or the home is no longer the homeowner’s primary residence. More than 70 homeowners were assisted by the program in 2010.

MaineHousing’s website also offers information on foreclosure prevention resources more generally. It provides foreclosure prevention tips, information on the foreclosure process in Maine, and a list of HUD-approved housing counselors.

The Maine Housing Counselor Network is a non-profit network made up of organizations and individuals who offer housing counseling, including foreclosure counseling statewide. The Network has been hosting regional Foreclosure Prevention Workshops since July of 2008. Homeowners are invited to talk with an attorney or housing counselor if the borrower has received a foreclosure summons.

But one of the best ways to prevent foreclosure is good homebuyer education for prospective homebuyers. The Maine hoMEworks organization has been providing homebuyer education classes for 10 years. In 2010 hoMEworks conducted 125 classes attended by over 2,600 prospective homebuyers. Homebuyer education has been a critical component of Maine's foreclosure prevention efforts.

Foreclosed Property Redevelopment

MaineHousing and the Maine Department of Economic and Community Development worked together to develop the state's response to the Neighborhood Stabilization Program (NSP). The two agencies coordinated requests from partners throughout Maine for funding support in the Action Plan that was submitted to HUD by December 1, 2008.

To meet the requirement that at least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50% of area median income, \$5,000,000 in NSP funds were set aside for MaineHousing to conduct the following programs in the identified Areas of Greatest Need:

- Issue an RFP for the Regional Homeless Council housing development program. This program will provide grant money for the acquisition and rehabilitation of foreclosed properties to develop permanent housing for people that are homeless.
- Expand its program for supportive housing for people with special needs. This program will provide grant money for the acquisition and rehabilitation of foreclosed upon properties for people that have special needs.
- Expanded efforts at Maine Bureau of Consumer Protection to provide assistance to homeowners.
- Initiating court overseer mediation program.