

President's Message

By Melinda Boehm
President, MBA of Maine



As vibrant red and golden yellow leaves swirl by my window highlighted by the setting sun, I am thinking our fall season is nearly over. What a roller coaster we have been on lately... It is almost hard to fathom what each day will bring to us in dire economic news; and how, or if, it will impact our daily lives. During the past several weeks like many of you, I have been transfixed by national news reports and Congressional Record listings. According to all experts, the economic situation in America is heading for a full blown recession with possible depression-like overtones. Every day there seemed to be reports of a major Wall Street player failure or bailout. We watched helplessly as our retirement savings and stock accounts plummeted in value.

In early October, our government stepped in and enacted the Emergency Economic Stabilization Act in an attempt to re-establish financial confidence. Many of us thought it was a necessary evil, while others fiercely argued it was an absolute misuse of public funds potentially costing the taxpayers unrecoverable billions. Most recently, our government has begun purchasing stock in the country's largest banks and the world market has begun to follow. To top it off, it is an election year with all of the 2008 ills being left to the machinations of a new administration.

Is there any lasting solution in sight? Should we let the fear of the unknown season how we go about our daily lives such that we are paralyzed by it? I think we must recognize the "here and now". We almost need to stop watching the news as the so-called "experts" talk about



no mortgage financing being available and borrowers needing a mandatory 20% down payment. In the past two weeks, I have seen several full page advertisements from local banks proclaiming they have money to lend. Maine Housing was able to sell more bonds last week than they anticipated and are now offering bonds to the Maine public through designated brokers. Rural Development has funding under a continuing resolution pending the final budget approval, and can finance 102% of the purchase price in eligible areas. FHA still has programs at 97.75% financing until year end at which time it drops to 96.50%. VA continues to offer

100% financing for eligible former/or current military members.

We, as mortgage professionals, must spread the word that the mortgage industry is alive and taking nourishment. We are back to the basics of several years ago. A borrower must demonstrate that he/she has acceptable credit performance, appropriate capacity, and eligible collateral to meet loan qualification. Where adversities exist, so does the challenge of opportunities.

Let's all take advantage of the opportunities. Spread the word. We are here to lend.



MBA Names New Board Members

The MBA of Maine is pleased to announce that **Judi Hutzler** of Meridian Mortgage and **Tara Schlehuber-Johnson** of Deschaine Mortgage have joined the board of directors for three-year terms. In addition, the board has regretfully accepted the resignation of **Bob Pietroski** of Pietroski Real Estate Appraisers. Bob had served on the board since 2004 and was chair of the membership committee. His term will be filled by **Randy Kempton** of R. Randall Kempton Real Estate Appraisers.

UPCOMING BREAKFAST MEETINGS

November 12	Breakfast Meeting—"RESPA Do's and Don'ts"	Portland Country Club
January 14	Breakfast Meeting	Portland Country Club
February 11	Breakfast Meeting	Portland Country Club
March 11	Breakfast Meeting	Portland Country Club

Holiday Gathering to Take a Break

The MBA of Maine will take a breather on its customary Holiday Gathering this year due to the economy, but in keeping with the charitable theme of the event, the MBA board has offered to be a sponsor of the Portland Board of Realtors' gathering at the Marriott in December. At this writing, we await their reply to our offer. The MBA board also encourages MBA members to continue the tradition of making donations of unwrapped gifts to Toys for Tots.



Golf Tournament Results



Sable Oaks Golf Club was the setting for PROP's annual Golf Tournament September 15, and MBA of Maine was a cosponsor of the tournament. The weather was sunny and warm as 148 golfers took to the course.

Prize winners included: Betsy Sawyer's foursome (1st place Gross); the Approved Home Mortgage

foursome (2nd place Gross); Two Lights Settlement Services foursome (1st place Net); Gorham Savings Bank (2nd place Net); and Chicago Title Insurance foursome (which placed last). The morning's golf was followed by a BBQ lunch and a raffle with many prizes for the winners.

The Golf Tournament was sponsored by Northern Utilities and co-sponsored by the Maine Association of Mortgage Brokers and the Mortgage Bankers Association of Maine, with a supporting sponsorship from Downeast Energy. Breakfast was sponsored by Taylor, Bean & Whitaker; lunch was sponsored by TD Banknorth; golf carts were sponsored by Mutual of America; prizes were sponsored by Gorham Savings Bank; and the Jet Blue Challenge was sponsored by Roger Gagne and Anderson, Watkins Insurance.

All proceeds from the tournament will benefit PROP and the agency's Energy Audit Initiative for low and middle-income Mainers. This year's tournament was sold out and some teams were turned away.

If you would like to be on the invitation list for next year's tournament, please e-mail: golfclassic@propeople.org

hoMEworks is Still Working

by Sharon Brobst, TD Banknorth

We all are hearing the media's reports of lenders cinching their purse strings, tightening credit to all but the most credit-worthy of applicants. But we also know that it's an exaggeration of the facts. Unfortunately, Maine first-time

homebuyers believe these naysayers and are putting the brakes on their dreams of homeownership.

Luckily for us in Maine, we have hoMEworks, the non-profit organization that provides state-wide availability of homeownership education classes. Participants learn about the homeownership process from start to finish and beyond. hoMEworks has been instrumental in the last 10 years in assisting Maine families to become successful homeowners, educating more than 2,500 people in 2007 alone. One of this year's participants, Britta Brydon, had this to say about the class:

"I don't think I could have found my new home without taking it. It gave us a realistic look at what we could afford, and how to prepare. The quality of our lives will forever be changed for the better. We are home owners!"

However, with the onslaught of negativity about the housing market, hoMEworks is feeling the pinch as well, with class sizes running a fraction of what they were. These classes are the perfect medium for families to get the true facts about



the housing market and to assess their readiness without the hyperbole of the press. We ask that all MBA members visit our website at www.mainehomeworks.org, print out the schedule of classes, and remind Maine families that there is a way to make their dreams become reality – by becoming informed consumers who have a plan in place to make it happen!

For more information and a supply of hoMEworks brochures, please contact her at sharon.brobst@tdbanknorth.com.

MBA Web Site Tips

By Ann Johnston, Chicago Title



I would encourage you to visit the MBA of Maine web site at www.mortgagemaine.com. If you haven't done so already, check out the Legislative Section under the INDUSTRY tab as well as the Loan Officer Information section for Certifications and Continuing Education Resources.

If you are interested in joining MBA please click on "JOIN MBA." Contact information for current members and for the Board of Directors is available under separate tabs on the HOME Page. And lastly, be sure to keep your eye on the Events section for information about upcoming meetings and events. If you are having any issues on the site or have suggestions please let me know, johnstona@ctt.com.

Market Value Trends

By Robert Pietroski, SRA, Pietroski Real Estate Appraisers



Real estate appraisers are faced with determining market value trends in the adjustment process for time. The appraisal process requires that we determine if values are stable, declining or increasing. Information in making this determination

can be obtained from several sources. The appraiser can interview local assessors and obtain from them information on sales ratios for the community. The assessor will be able to provide information on assessed values to selling prices to determine if values are increasing or decreasing over a certain time period. The appraiser needs to be aware that it takes time for the assessor to compile this information and trends can be changing. This information though can be helpful as it reflects what is happening in the entire community and this information can then be compared to other competing communities.

The MLS, (Multiple Listing Service), data base is very helpful. There is a statistical section of the service, which allows the appraiser to obtain sale and listing information. The appraiser can tailor his search to a specific segment of the market such as 2 bedroom condominium sales, sales of 3 family dwellings or lot sales that range in size from 1 to 2 acres without public water or sewer. The search criteria will allow the appraiser to narrow down to specific type properties to determine market trends. The trends for single family property sales may not be the same for condominium sales. This information also provides statistics as to number of days on market, average selling price, percent of selling price to list price and median selling price. The VA requires the appraiser to provide statistical information in the appraisal report.

Another method to determine trends is the sale and resale of the same property. If a property sold 2 years ago and recently resold the trend in value can be determined. It is very important though for the appraiser to verify if there were any physical changes to the property such as a \$50,000 kitchen remodel between the two sales dates or that a portion of the lot was split off and a new house lot created. In addition did the seller need to sell quickly due to a change in jobs or other circumstances that resulted in a quick sale at below market value.

The appraiser must also consider current offerings that are in competition with the subject property. This is known as the Principle of Substitution. "A prudent purchaser would pay not more for real property than the cost of acquiring an equally desirable substitute on the open market. This principle assumes that the purchaser will consider the alternatives available". The appraiser needs to be very careful though to

make sure that these "substitute" properties currently for sale compare well to the property being appraised.

In conclusion these are very challenging times for the appraiser due to the current economic conditions. Placing a value on a piece of real estate is a difficult task. What may be true for value trends in one community can be different in another community. Thus research needs to be done for each appraisal assignment. The more current the sales data, the more credible the estimate of market value.

Underwriting News: Items to Watch For

By Melinda Boehm, MetLife Home Loans

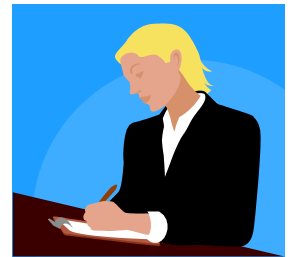
Fannie Mae/ Freddie Mac:

Since the government take-over these two mortgage giants have remained under the radar with no real changes other than pricing add-ons.

See: www.efanniemae.com. and www.freddiemac.com. for specific details.

FHA:

Effective 10/1/08 the seller funded downpayments are gone. There is a new schedule for Upfront and monthly mortgage insurances premiums that are not tied to the borrower's credit score. The borrower will be required to make a 3.5% downpayment for all loans originated after 1/1/09 with no allowance for counting any portion of closing costs toward this amount. HUD also released its Hope for Homeownership program for those mortgage holders facing severe mortgage payment increases or foreclosure. Time will tell if this program is actually a help or hindrance.



See: <http://www.hud.gov>.

Rural Development:

Funds are now available again under a resolution. Reservations will again be accepted once the full budget is approved.

See: www.rudev.usda.gov/me

Private Mortgage Insurance:

Each company has made significant changes with respect to eligibility for occupancy, credit score minimums, and premium factors. Declining value areas may vary from company to company. Several companies have special provisions for state housing loans.

See: www.mgic.com, www.radian.com, www.rmic.com, www.ugcorp.com, www.pmigroup.com, www.genworthmortgageinsurance.com

Maine Housing Counseling Network

By Sharon Brobst, TD Banknorth



Although Maine is not seeing the total devastation of cities and towns due to the adverse effects of the rising foreclosure rate, there are many good, hardworking families facing foreclosure who need help. To that end, we have an equally hardworking group of housing counseling professionals who educate, counsel, and advocate for these families – the Maine Housing Counseling Network. They have already successfully delivered a Foreclosure prevention workshop in Sanford this past summer, and are currently preparing for another on Saturday, November 15th in Bangor. Future workshops will be held in Lewiston in December, Portland in January and Augusta in February 2009.

Please see the most up-to-date list of Maine housing counseling agencies providing foreclosure counseling services. The foreclosure counseling services are delivered at no cost to the homeowner. This list can be found at a MaineHousing website link <http://www.mainehousing.org/EDUForeclosure.aspx>, a Consumer Credit Regulation website link http://www.maine.gov/pfr/consumercredit/foreclosure_resources.html and Pine Tree Legal Association website link <http://www.ptla.org/cliented/housing/foreclosure/index.html>.

The Pine Tree Legal website includes a “Foreclosure Toolkit”, which helps at-risk homeowners determine where they are in the process, provides appropriate contacts, and offers a template for a court response with answers.

Please help spread the word that there is foreclosure help in Maine. Let the Network shine a light of hope for these families who are facing the darkest of times.

Maine Agencies Providing Foreclosure Prevention Counseling Services

Aroostook Community Action Program
Aroostook County
Jeff Heron 764-3721
Jheron@acap-me.org

Washington-Hancock Community Action Program
Washington and Hancock Counties
Mary Boylan 207 546-7544 x 3320
mboylan@whcacap.org

MaineStream Finance
Penobscot, Piscataquis, Knox, and Waldo Counties
Dana Ward 973-3555
dward@penquis.org

Kennebec Valley Community Action Program
Kennebec and Somerset Counties
Kim Moulton 859-1637
kimm@kvcap.org

Community Concepts, Inc.
Androscoggin and Oxford Counties
Linda Lajoie 739-6550
llajoie@community-concepts.org

People’s Regional Opportunity Program
Cumberland County
Maurice Geoffroy 874-1140
MEG@propeople.org

York County Community Action
York County
Chris Laroche
Jennifer Gordon
324-5762 ext. 2960
chrisl@yccac.org
324-5762 ext. 2959
jenniferg@yccac.org

Coastal Enterprises, Inc.
Statewide
Diane Sherman 882-7552 ext. 126
dianes@ceimaine.org

Consumer Credit Counseling Services (CCCS) of Maine
Statewide
Justin Dobson 1-800-439-CCCS (2227)
www.cccsme.org or
Justin.Dobson@moneymanagement.org

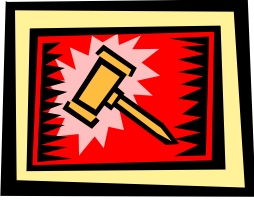
Legal Resource Organizations
Pine Tree Legal Assistance Chet Randall 207-400-3238
crandall@ptla.org

Legal Services for the Elderly
Jaye Martin
jmartin@mainelse.org



Divorce and its Impact on Real Estate Transactions

By William R. Walsh, Underwriting Counsel
Chicago Title Insurance Company



Often people seek to sell or refinance their real estate in the midst of, or at the end of, a divorce, which poses special challenges for all the parties involved in the transaction. During the pendency of a divorce in Maine, a preliminary

injunction is imposed on both parties pursuant to 19-A MRSA § 852. For transactions that involve real estate, the most important part of 19-A MRSA §852, states, "...each party is enjoined from transferring, encumbering, concealing or otherwise disposing of the property of either of both of the parties, except in the usual course of business or for the necessities of life, without the written consent of the parties or permission of the court..." The penalty for a violation of this section could range from voiding the transaction to an order of contempt against the borrower.

The effect of an injunction is often either delay or complete prevention of the sale or refinance of the property. Frequently in a divorce settlement, one party is to be awarded the marital residence in exchange for a lump sum payment to the other spouse payable upon the refinance of the property. If the divorce is not final, i.e. the Judgment and Decree has not been issued and docketed by the Court and the appeal period has not expired, then the statutory section quoted above comes into play. At the taking of the mortgage application, if a divorce is pending or contemplated determining where the parties are in the process and if they are represented by counsel will make your transaction go much more smoothly. In the event both parties are represented by counsel, the closing attorney should consult with the parties' attorneys to make sure that all parties are in agreement regarding the transfer of the property and the amount of money to be paid to the who is releasing their interest in the property. In all cases the payment to the future ex-spouse must be shown on the Settlement Statement.

However, even if both parties are represented by counsel, and agree on the disposition of whatever real property the parties may have, if there is no agreement on other issues such as spousal support and personal property, it may not be possible to close the refinance transaction until the divorce is finalized. Because the process of resolving these issues is a negotiation, one side or the other may not be willing to give up certain property rights until all of the issues are resolved.

In the situation where neither party has counsel, or only one party is represented by counsel, then the spouse releasing the interest in the marital property should be encouraged to

retain an attorney other than the closing attorney to prepare the deed. However, if the deed is prepared by the closing attorney, then again the spouses should be encouraged to seek independent legal counsel to at least review the deed.

The same concerns are implicated in a sale transaction if the sellers are going through a divorce. Occasionally, the spouse with possession of the property during the pendency of the divorce may elect to sell, sign a listing agreement and even accept an offer without the involvement of the other spouse. Once discovered the transaction usually comes to a screeching halt. Early involvement of the closing attorney allows prompt transmission of information regarding the transaction, which will make it go smoother for all involved.

The final issue related to Divorce is that of "Omitted Property". When parties own real property in Maine and obtain a divorce, there are two methods to set aside or divide real property. The first is via a deed from the other party. Either by agreement or Court Order, one party conveys their interest in marital (and sometimes non-marital) property by deed to the other party. When this deed is then recorded in the Registry of Deeds and the Grantee in that deed becomes the record owner of property. In the alternative, the party who is awarded the property in the Divorce can record an Abstract of the Divorce Judgment in the Registry of Deeds and that document will have the same effect as if the other party had deeded the property.

Occasionally, real property will not be included in final judgment. In that event, 19-A MRSA §953 (9) provides that property over which the Court



had jurisdiction (i.e. Marital Property) is held by the parties to the marriage as Tenants-in-Common. This can happen even if the property was titled in the name of only one spouse during the marriage. There are several problems that often occur when property is omitted. First, is the challenge of finding the former spouse and getting him or her to cooperate in signing a deed. Second, during the period between the divorce and discovering the omitted property, the former spouse may have had judgment liens and tax liens recorded against them in the Registry of Deeds. These liens would attach to the property and would need to be satisfied at or prior to a closing. The third, and most difficult, scenario is when the former spouse has died. Because the property is held by the parties to the marriage as "Tenants-in-Common", pursuant to the statute, there is no right of survivorship. When the former spouse dies, the property passes through his or her estate. Tracking down all the heirs of that former spouse can be a challenge; getting them to sign a deed releasing their interest in property they didn't know they owned can be an even bigger challenge.

Maine Real Estate More Affordable

Maine's median sales price for a single-family existing home was \$177,750 in September 2008, down 6.45 percent from one year ago. The median sales price indicates that half of the homes were sold for more and half sold for less.

According to the Maine Real Estate Information System, Inc., statewide sales dipped 9.73 percent. Realtors reported that 928 homes changed hands during the month, compared to September 2007's statistic of 1,028 homes.

Across the United States, single-family existing home sales were up 3.8 percent in September. The National Association of Realtors reported a national median sales price of \$190,600 represents an 8.6 percent decline over the past 12 months.

Regionally, sales in the Northeast were 7.7 percent lower than a year ago. The regional median sales price was \$246,800—a decrease of 5.4 percent.

Jim Fitzgerald of Coldwell Banker Residential Brokerage in Kennebunk says, "Having a Realtor is essential in this market. Understanding the immediate past performance of the market and determining the level of pricing aggressiveness that's required to move the property are best developed using an experienced Realtor—one who is currently in the trenches, dealing with the realities of this market on a daily basis."

For those looking to buy, Fitzgerald adds, "There is enormous potential to secure property at reduced prices, using rates that remain close to historic lows. Half of our closings remain second homes, which tells me that people are looking for a special place, like Coastal Maine, to bring their families. Quality of life still ranks very high on people's wish list when it comes to securing their next home in Maine."

Below are two charts showing statistics for Maine and its 16 counties. The first chart lists statistics for the month of September only, statewide. The second chart compares the number of existing, single-family homes sold (units) and volume (MSP) during the months of July, August and September of 2007 and 2008.

SEPTEMBER ONLY CHART

From September 1-30, 2007 and September 1-30, 2008

	# Units Sold 2007	# Units Sold 2008	% Change	MSP 2007	MSP 2008	% Change
STATEWIDE	1028	928	-9.73%	\$190,000	\$177,750	-6.45%

(Rolling quarter chart continues on next page.)

MREIS FIGURES, continued

ROLLING QUARTER CHART

From July 1, 2007 – September 30, 2007 and July 1, 2008 – September 30, 2008

County	# Units Sold 2007	# Units Sold 2008	% Change	MSP 2007	MSP 2008	% Change
STATEWIDE	3700	2915	-21.22%	\$195,000	\$182,500	-6.41%
Androscoggin	251	197	-21.51%	\$165,000	\$145,000	-12.12%
Aroostook	118	95	-19.49%	\$77,175	\$100,000	29.58%
Cumberland	876	709	-19.06%	\$255,000	\$238,825	-6.34%
Franklin	101	75	-25.74%	\$142,000	\$125,000	-11.97%
Hancock	171	117	-31.58%	\$192,000	\$235,000	22.40%
Kennebec	334	315	-5.69%	\$155,950	\$141,500	-9.27%
Knox	157	83	-47.13%	\$208,000	\$192,000	-7.69%
Lincoln	127	88	-30.71%	\$239,000	\$189,750	-20.61%
Oxford	178	118	-33.71%	\$145,750	\$138,950	-4.67%
Penobscot	400	317	-20.75%	\$145,000	\$141,000	-2.76%
Piscataquis	69	47	-31.88%	\$120,000	\$108,000	-10.00%
Sagadahoc	114	71	-37.72%	\$211,600	\$180,000	-14.93%
Somerset	92	100	8.70%	\$120,000	\$125,000	4.17%
Waldo	118	79	-33.05%	\$185,000	\$159,000	-14.05%
Washington	13	17	30.77%	\$110,000	\$77,000	-30.00%
York	581	487	-16.18%	\$238,000	\$224,900	-5.50%

Source: Maine Real Estate Information System, Inc. Note: MREIS, a subsidiary of the Maine Association of REALTORS, is a statewide Multiple Listing Service with over 5,800 licensees inputting active and sold property listing data. Statistics reflect properties reported as sold in the System within the time periods indicated.

MBA MAINE WELCOMES NEW MEMBERS SINCE LAST NEWSLETTER

FRANKLIN AMERICAN MORTGAGE COMPANY—Mike Martin

152 U.S. Route One, Scarborough, ME 04074 207-837-3421 mmartin@franklinamerican.com

REGENCY MORTGAGE CORP—Quentin Keefe

175 Canal Street, Manchester, NH 03101 603-206-6417 qkeefe@regencymtg.com

SACO & BIDDEFORD SAVINGS INSTITUTION—Lynn Duranceau

50 Industrial Park Road, Saco, ME 04072 207-602-7354 duranceaul@sbsavings.com

SALEM CAPITAL GROUP, LLC—Mary Lemery

48 York Street, Kennebunk, ME 04043 207-985-9346 mlemery@salemcapital.net



Scenes from the October 8 Breakfast Meeting



The October 8 Breakfast Meeting featured Brendan Browne of MGIC.

The topic of discussion was "Analyzing the Self-Employed Borrower."



489 Congress Street
Portland, ME 04101
(207) 791-8412

2008-09 MBA OF MAINE BOARD OF DIRECTORS

President

MELINDA BOEHM

MetLife Home Loans, a Division of
MetLife Bank N.A.

Treasurer

JUANITA SMITH

Norway Savings Bank

TONY ARMSTRONG

Maine Home Mortgage

SHARON BROBST

TD Banknorth

JUDI HUTZLER

Meridian Mortgage

ANN JOHNSTON

Chicago Title Company

JO-ANN KAYATTA

First Financial Mortgage Corp.

RANDY KEMPTON

R Randall Kempton Real Estate
Appraiser

DAVID MAROON

Allied Home Mortgage Capital

ROBERT MORRILL

First Suburban Title Services Company

IRENE OLDFIELD

Bangor Savings Bank

TARA SCHLEHUBER-JOHNSON

Deschaine Mortgage Company