



Memorandum

June 25, 2025

To: Board of Trustees

From: Monté Haynes, Controller
James Neal, Senior Program Manager for Finance Initiatives

Re: Proposed Write-Off of Bad Debt (as of May 2025)

Proposed Motion

Move to authorize the Trust to write-off as bad debt a total of \$244,597.73 in accounts receivable according to Appendix A that is attached to this memorandum.

Background

Through the Efficiency Maine Green Bank loan initiatives, EMT has 3,354 loans outstanding with a total value of \$13.3 million. Since the inception of these initiatives, EMT has issued \$64.7 million in loans, of which \$51.3 million has been paid back. EMT has issued 279 new loans in FY2025.

The Efficiency Maine Trust (Trust) Loan Accounting Policy establishes the procedures to be followed for the collection of loan accounts owed to the Trust under its financing programs. The procedures also cover identifying, processing and accounting for loan accounts that cannot be collected upon or that require a commitment of resources beyond that which are cost-effective to continue collection efforts. Per the policy, the Program Loan Review Committee meets periodically to determine which, if any, loan accounts referred to the committee are uncollectable and recommended for write-off. Such loans must meet two or more specific criteria established in the policy. The two relevant criteria for the loans subject to write-off in this memo are as follows:

- a. The applicable Billing Procedure has been followed with respect to the Loan Account (or for one or more enumerated reasons the applicable Billing Procedure cannot or should not be followed) and the Loan Account remains unpaid; or
- b. The obligor(s) on the Loan Account no longer exists, cannot be located, or has been discharged in bankruptcy, and there are no available assets securing the Loan Account as collateral.

This is the fourth time the Trust has formally written off bad debt since the inception of its loan programs.

In accordance with the Loan Accounting Policy, the Staff requests approval to write off 50 loans in the amount of \$244,597.73 in bad debt. These loans meet the criteria for write-offs in the Loan Accounting Policy. They represent non-performing loans for customers who have been awarded bankruptcy or are deceased, are not responsive, or cannot be reached (see Appendix A). The non-responsive loans are more than 120 days in arrears. This proposal will reduce our Allowance for Doubtful Accounts, where the Trust has previously recognized pending Bad Debt Expense in prior fiscal years. Moreover, periodically writing off stale balances from accounts receivable follows prudent accounting practices.

The total amount of the bad debt write-off over nine fiscal years across the Trust's entire residential loan portfolio is 1.34%. This compares favorably to the historical rates of between 2.42% and 2.90% reported by the Board of Governors of the Federal Reserve System from 2011 through 2024.¹

¹ <https://www.federalreserve.gov/releases/chargeoff/delallsa.htm>

Going forward, Staff is interested in exploring avenues to reduce the frequency and amount of bad debt. To that end, Staff is exploring the use of an independent collection agency to pursue delinquent debts for loans that are not under Chapter 7 bankruptcy or held by a deceased individual and is soliciting other suggestions.

Staff Recommendation

Staff recommends approval to write off 50 loans in the amount of \$244,597.73 in bad debt.

Appendix A

Account Number	Date Last Payment	Original Balance	Current Balance Outstanding	Notes
1003346	4/17/2024	\$ 13,000.00	\$ 9,765.12	Chapter 7 Bankruptcy
1006445	5/7/2024	\$ 4,000.00	\$ 3,327.57	Chapter 7 Bankruptcy
1012788	8/9/2024	\$ 7,500.00	\$ 7,175.13	Chapter 7 Bankruptcy
1000418	11/15/2024	\$ 7,500.00	\$ 3,674.45	Chapter 7 Bankruptcy
1003174	12/7/2023	\$ 3,568.64	\$ 2,525.48	Deceased
1773802	1/23/2024	\$ 5,954.00	\$ 1,332.69	Deceased
1004989	7/18/2024	\$ 7,474.89	\$ 5,902.35	Deceased
1005137	8/28/2024	\$ 7,130.00	\$ 5,074.68	Deceased
1015804	10/30/2024	\$ 4,600.00	\$ 4,600.00	Deceased
1006448	11/8/2024	\$ 10,500.00	\$ 8,495.33	Deceased
1000868	4/8/2023	\$ 7,500.00	\$ 6,167.69	Deemed uncollectible per Loan Accounting Policy
1003189	4/23/2023	\$ 5,400.00	\$ 4,373.49	Deemed uncollectible per Loan Accounting Policy
1002114	5/10/2023	\$ 15,000.00	\$ 11,589.13	Deemed uncollectible per Loan Accounting Policy
1004934	5/10/2023	\$ 6,500.00	\$ 5,852.08	Deemed uncollectible per Loan Accounting Policy
1006995	11/6/2023	\$ 1,646.62	\$ 1,507.21	Deemed uncollectible per Loan Accounting Policy
1000015	11/24/2023	\$ 4,000.00	\$ 2,197.12	Deemed uncollectible per Loan Accounting Policy
1006767	12/1/2023	\$ 3,609.00	\$ 2,798.82	Deemed uncollectible per Loan Accounting Policy
1007792	12/13/2023	\$ 2,890.00	\$ 2,326.56	Deemed uncollectible per Loan Accounting Policy
1011929	12/16/2023	\$ 1,620.00	\$ 1,573.43	Deemed uncollectible per Loan Accounting Policy
1007897	12/24/2023	\$ 3,232.13	\$ 2,997.47	Deemed uncollectible per Loan Accounting Policy
1001619	12/28/2023	\$ 8,820.51	\$ 6,101.27	Deemed uncollectible per Loan Accounting Policy
1002778	1/5/2024	\$ 7,500.00	\$ 3,247.52	Deemed uncollectible per Loan Accounting Policy
1006820	1/16/2024	\$ 7,400.00	\$ 6,560.48	Deemed uncollectible per Loan Accounting Policy
1007898	2/8/2024	\$ 3,450.00	\$ 3,145.59	Deemed uncollectible per Loan Accounting Policy
1013121	2/12/2024	\$ 2,500.00	\$ 2,500.00	Deemed uncollectible per Loan Accounting Policy
1003411	3/9/2024	\$ 5,600.00	\$ 4,472.95	Deemed uncollectible per Loan Accounting Policy
1002186	3/21/2024	\$ 4,400.00	\$ 614.63	Deemed uncollectible per Loan Accounting Policy
1009146	4/5/2024	\$ 5,053.21	\$ 4,256.25	Deemed uncollectible per Loan Accounting Policy
1780210	4/8/2024	\$ 7,900.00	\$ 3,114.01	Deemed uncollectible per Loan Accounting Policy
1012567	4/26/2024	\$ 4,735.00	\$ 4,630.37	Deemed uncollectible per Loan Accounting Policy
1006895	4/26/2024	\$ 7,200.00	\$ 6,159.63	Deemed uncollectible per Loan Accounting Policy
1013631	4/26/2024	\$ 2,765.00	\$ 2,765.00	Deemed uncollectible per Loan Accounting Policy
1007345	5/3/2024	\$ 4,000.00	\$ 2,933.27	Deemed uncollectible per Loan Accounting Policy
1001212	6/6/2024	\$ 2,925.00	\$ 1,824.08	Deemed uncollectible per Loan Accounting Policy
1005647	12/1/2024	\$ 7,500.00	\$ 3,998.05	Deemed uncollectible per Loan Accounting Policy
1000881	7/5/2024	\$ 7,500.00	\$ 4,443.57	Deemed uncollectible per Loan Accounting Policy
1008424	7/15/2024	\$ 7,500.00	\$ 6,677.11	Deemed uncollectible per Loan Accounting Policy
1005638	8/15/2024	\$ 6,750.00	\$ 5,578.97	Deemed uncollectible per Loan Accounting Policy
1007378	8/30/2024	\$ 7,500.00	\$ 6,759.09	Deemed uncollectible per Loan Accounting Policy
1015345	9/25/2024	\$ 7,428.00	\$ 7,428.00	Deemed uncollectible per Loan Accounting Policy
1004798	10/12/2024	\$ 5,492.85	\$ 2,639.56	Deemed uncollectible per Loan Accounting Policy
1002022	10/15/2024	\$ 2,940.54	\$ 1,915.12	Deemed uncollectible per Loan Accounting Policy
1004470	10/16/2024	\$ 15,000.00	\$ 11,852.11	Deemed uncollectible per Loan Accounting Policy
1015741	10/25/2024	\$ 2,280.00	\$ 2,280.00	Deemed uncollectible per Loan Accounting Policy
1004293	11/14/2024	\$ 12,630.00	\$ 9,516.86	Deemed uncollectible per Loan Accounting Policy
1002829	11/14/2024	\$ 5,400.00	\$ 3,331.01	Deemed uncollectible per Loan Accounting Policy
1001833	12/14/2024	\$ 5,900.00	\$ 1,355.73	Deemed uncollectible per Loan Accounting Policy
1004682	11/22/2024	\$ 7,500.00	\$ 6,271.04	Deemed uncollectible per Loan Accounting Policy
9875		\$ 17,700.00	\$ 5,519.33	Deemed uncollectible per Loan Accounting Policy
12005		\$ 24,132.00	\$ 19,451.33	Deemed uncollectible per Loan Accounting Policy
		\$ 340,027.39	\$ 244,597.73	