



## Memorandum

May 22, 2024

To: Board of Trustees

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

Re: Approving Write-Off of Bad Debt – May 2024

---

### Proposed Motion

Move to authorize the Trust to write-off as bad debt a total of \$198,965.65 in accounts receivable according to Appendix A that is described in the memorandum.

### Background

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.
- 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 third 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 60 loans in the amount of \$198,965.65 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 a bankruptcy or are deceased, not responsive, or whom we are unable to contact (See Appendix A). The non-responsive loans are more than 190 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 1.15%. This compares favorably to the historical rates of between 2.12% -- 2.90% reported by the Board of Governors of the Federal Reserve System from 2011 through 2023.<sup>1</sup>

### Staff Recommendation

Staff recommends approval to write-off 60 loans in the amount of \$198,965.65 in bad debt.

---

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

## Appendix A

Date Last Payment	Fiscal Year	Original Balance	Current Balance Outstanding	Reason for Write-Off
2/9/2023	2023	\$ 3,500.00	\$ 1,916.83	Chapter 7 Bankruptcy
8/12/2023	2024	\$ 4,000.00	\$ 3,023.34	Chapter 7 Bankruptcy
9/9/2023	2024	\$ 7,500.00	\$ 7,100.57	Chapter 13 Bankruptcy
3/16/2023	2023	\$ 1,800.00	\$ 1,668.13	Deceased
9/27/2023	2024	\$ 12,765.00	\$ 2,839.68	Deceased
3/15/2022	2022	\$ 2,275.00	\$ 1,399.60	Deemed uncollectible per Loan Accounting Policy
11/24/2022	2023	\$ 4,000.00	\$ 3,210.75	Deemed uncollectible per Loan Accounting Policy
12/10/2022	2023	\$ 7,000.00	\$ 3,453.80	Deemed uncollectible per Loan Accounting Policy
12/16/2022	2023	\$ 1,900.00	\$ 1,900.00	Deemed uncollectible per Loan Accounting Policy
1/9/2023	2023	\$ 15,000.00	\$ 13,294.67	Deemed uncollectible per Loan Accounting Policy
1/12/2023	2023	\$ 1,700.00	\$ 50.37	Deemed uncollectible per Loan Accounting Policy
1/25/2023	2023	\$ 2,450.00	\$ 1,357.72	Deemed uncollectible per Loan Accounting Policy
1/26/2023	2023	\$ 4,000.00	\$ 1,661.96	Deemed uncollectible per Loan Accounting Policy
1/28/2023	2023	\$ 8,186.71	\$ 6,470.15	Deemed uncollectible per Loan Accounting Policy
1/30/2023	2023	\$ 4,000.00	\$ 2,901.49	Deemed uncollectible per Loan Accounting Policy
2/9/2023	2023	\$ 2,900.00	\$ 850.10	Deemed uncollectible per Loan Accounting Policy
2/10/2023	2023	\$ 7,500.00	\$ 2,032.23	Deemed uncollectible per Loan Accounting Policy
2/10/2023	2023	\$ 6,110.00	\$ 4,737.25	Deemed uncollectible per Loan Accounting Policy
2/17/2023	2023	\$ 3,050.00	\$ 1,958.07	Deemed uncollectible per Loan Accounting Policy
2/27/2023	2023	\$ 5,110.22	\$ 1,611.64	Deemed uncollectible per Loan Accounting Policy
2/28/2023	2023	\$ 2,850.00	\$ 1,591.35	Deemed uncollectible per Loan Accounting Policy
3/8/2023	2023	\$ 14,000.00	\$ 12,175.50	Deemed uncollectible per Loan Accounting Policy
3/15/2023	2023	\$ 1,269.45	\$ 911.42	Deemed uncollectible per Loan Accounting Policy
3/16/2023	2023	\$ 4,000.00	\$ 1,946.12	Deemed uncollectible per Loan Accounting Policy
3/20/2023	2023	\$ 2,700.00	\$ 633.87	Deemed uncollectible per Loan Accounting Policy
3/31/2023	2023	\$ 6,400.00	\$ 5,551.56	Deemed uncollectible per Loan Accounting Policy
4/19/2023	2023	\$ 6,480.00	\$ 4,440.59	Deemed uncollectible per Loan Accounting Policy
4/30/2023	2023	\$ 3,510.00	\$ 2,598.66	Deemed uncollectible per Loan Accounting Policy
5/1/2023	2023	\$ 3,000.00	\$ 2,273.53	Deemed uncollectible per Loan Accounting Policy
5/4/2023	2023	\$ 7,132.75	\$ 5,796.30	Deemed uncollectible per Loan Accounting Policy
5/12/2023	2023	\$ 3,618.64	\$ 2,255.59	Deemed uncollectible per Loan Accounting Policy
5/22/2023	2023	\$ 7,874.11	\$ 46.69	Deemed uncollectible per Loan Accounting Policy
6/5/2023	2023	\$ 3,350.00	\$ 1,758.08	Deemed uncollectible per Loan Accounting Policy
6/27/2023	2023	\$ 11,650.00	\$ 7,453.13	Deemed uncollectible per Loan Accounting Policy
7/22/2023	2024	\$ 5,957.44	\$ 2,421.88	Deemed uncollectible per Loan Accounting Policy
8/3/2023	2024	\$ 7,500.00	\$ 6,246.07	Deemed uncollectible per Loan Accounting Policy
8/3/2023	2024	\$ 4,000.00	\$ 3,712.57	Deemed uncollectible per Loan Accounting Policy
8/16/2023	2024	\$ 4,000.00	\$ 3,107.39	Deemed uncollectible per Loan Accounting Policy
8/22/2023	2024	\$ 7,500.00	\$ 5,791.34	Deemed uncollectible per Loan Accounting Policy
9/1/2023	2024	\$ 4,000.00	\$ 3,672.99	Deemed uncollectible per Loan Accounting Policy
9/9/2023	2024	\$ 6,942.90	\$ 3,375.54	Deemed uncollectible per Loan Accounting Policy
9/13/2023	2024	\$ 3,000.00	\$ 2,426.12	Deemed uncollectible per Loan Accounting Policy
9/13/2023	2024	\$ 2,971.00	\$ 1,967.03	Deemed uncollectible per Loan Accounting Policy
9/22/2023	2024	\$ 6,441.92	\$ 4,920.05	Deemed uncollectible per Loan Accounting Policy
10/19/2023	2024	\$ 7,500.00	\$ 5,276.02	Deemed uncollectible per Loan Accounting Policy
11/6/2023	2024	\$ 4,000.00	\$ 3,473.51	Deemed uncollectible per Loan Accounting Policy
11/9/2023	2024	\$ 4,050.00	\$ 2,611.00	Deemed uncollectible per Loan Accounting Policy
11/23/2023	2024	\$ 3,600.00	\$ 3,342.19	Deemed uncollectible per Loan Accounting Policy
11/27/2023	2024	\$ 7,500.00	\$ 2,420.06	Deemed uncollectible per Loan Accounting Policy
12/1/2023	2024	\$ 7,495.00	\$ 5,966.87	Deemed uncollectible per Loan Accounting Policy
12/5/2023	2024	\$ 4,000.00	\$ 1,863.16	Deemed uncollectible per Loan Accounting Policy
2/6/2024	2024	\$ 2,725.00	\$ 722.84	Deemed uncollectible per Loan Accounting Policy
2/28/2024	2024	\$ 4,361.26	\$ 3,305.42	Deemed uncollectible per Loan Accounting Policy
3/7/2024	2024	\$ 5,600.00	\$ 4,667.43	Deemed uncollectible per Loan Accounting Policy
3/13/2024	2024	\$ 4,000.00	\$ 375.73	Deemed uncollectible per Loan Accounting Policy
3/14/2024	2024	\$ 5,015.00	\$ 3,852.92	Deemed uncollectible per Loan Accounting Policy
3/20/2024	2024	\$ 3,875.00	\$ 3,641.04	Deemed uncollectible per Loan Accounting Policy
3/28/2024	2024	\$ 3,904.00	\$ 2,800.56	Deemed uncollectible per Loan Accounting Policy
3/30/2024	2024	\$ 3,659.60	\$ 1,706.97	Deemed uncollectible per Loan Accounting Policy
3/30/2024	2024	\$ 14,988.25	\$ 2,428.21	Deemed uncollectible per Loan Accounting Policy
		<b>\$ 321,168.25</b>	<b>\$ 198,965.65</b>	