

Good morning members of the Judiciary Committee. My name is Wendy Schors. I live in East Machias, and I have been employed by Machias Savings Bank for 30 years. In my time at Machias Savings Bank I have worked in several roles but the longest has been my 20 years working with consumers facing a residential foreclosure.

As a Community Bank, Machias Savings Bank is an active and involved part of the communities that we serve. As such, we see financial health and wellness as a strong part of our role. We work tirelessly with our customers who are facing financial hardships to be able to overcome those struggles to avoid foreclosure at all costs. Those efforts include payments plans, temporary hardship modifications and longer term modifications. Unfortunately, our efforts are not always successful and the outcome results in foreclosure.

As you have heard from Mr. Kany the foreclosure process is very lengthy. One of the pieces of the foreclosure process that I am going to discuss is the Mediation Program. This program has proven to be very time consuming both for the bank and for the borrower. Borrowers who are facing the loss of their primary residence through foreclosure are entitled to mediation with the bank in front of a court appointed mediator. The borrower is supposed to submit financial information prior to the mediation for the bank to review workout options. In my experience I have never received this information to review prior. The result of this is that the mediation session is not resolved in a single session. The borrower is given a list of documents that they must complete and return

prior to mediation session #2 so the bank can review and make options available to the borrower. The loan is referred to be scheduled for the next mediation session which can be 30 or more days in the future. At this point in time a borrower will likely be around 150 to 180 days past due depending on the Court's calendar. There are many times that the borrower either doesn't return the required documents or returns an incomplete package. As a result, the loan is referred for a 3rd mediation session, again at least 30 days into the future.

I have one particular loan in foreclosure currently that is headed to a 4th mediation due to the borrower's failure to appear at his first mediation, followed by a failure to complete the hardship package and return the required documents by the 2nd and 3rd mediation sessions. As we are headed to the 4th mediation session the borrower has indicated he no longer wants to pursue home retention and will be listing the property for sale. The original mediation began in early November of 2022. We are filing a motion to terminate mediation and be returned to the docket to proceed with the foreclosure. This particular case has been in limbo due to the Mediation process for 5 months. The borrower is now approaching 300 days past due. This is only one case, but I have several more similar examples of this process that I could recite that speak to the long process that is Foreclosure Mediation in the State of Maine.

I am in full support that borrowers should be entitled to mediation, however I strongly believe that the structure of these sessions needs to be changed to reduce the months that the foreclosure process is frozen in time due to these

types of delays.

As Community Banks, we have often already offered borrowers multiple home retention options prior to reaching the commencement of foreclosure and the ensuing mediation session. It is always our first desire to achieve home retention for a borrower.

These delays not only are time consuming but financially costly for banks as the homes fall into disrepair, become vacant or inhabited by squatters. These delays add time and cost to complete the foreclosure. In my 20 years of experience the time to complete a foreclosure has increased from 9 – 12 months on average to 18 – 24 months on average. Borrowers who are not able to make payments are typically not able to keep up with maintenance, and the properties fall into further disrepair making them difficult to sell at the end of the foreclosure. It is my hope we can work together to develop a more efficient and cost effective process for all parties.

Thank you for your time and consideration.