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## Written Testimony of Andrea Bopp Stark, National Consumer Law Center

### *In Opposition of LD 184/HP 117*

### “Establishing the Commission to Study the Foreclosure Process”

February 12, 2025

Good morning Senator Carney, Representative Kuhn, and members of the Joint Standing Committee on Judiciary. My name is Andrea Bopp Stark. I am a senior attorney at the [National Consumer Law Center](http://NationalConsumerLawCenter.org), a nonprofit organization headquartered in Boston that uses its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. Thank you for the opportunity to offer oral and written testimony in opposition to LD 184/HP 117.

One of my focus areas at NCLC is preserving homeownership and avoiding unnecessary foreclosure. Before joining NCLC I practiced law for many years in Biddeford, and represented numerous Maine families struggling to save their homes from foreclosure. I grew up in Portland and now live in Saco with my family.

As explained more fully below, we oppose LD 184 for three main reasons. First, as was made clear during the last session when this same bill was submitted, this legislation is an attempt to diminish homeowners' rights in the foreclosure system. With federal protections under fire, we need more than ever to protect Maine homeowners at the state level. Second, while opponents will claim that the length of Maine's foreclosure process adds to the cost of credit and restricts access to credit for homeowners, there is no evidence supporting this correlation. Third, there was a comprehensive study done of the foreclosure process in 2014 and doing one now would be skewed, duplicative, and a waste of the legislature's valuable time and resources.

**Maine homeowners need the comprehensive protections of the Maine foreclosure process more than ever.** In 2023, the testimony of the Maine Bankers Association made it clear that this legislation was brought to reduce the burdens on banks in the Maine foreclosure process, which would ultimately be at the expense of Maine homeowners. Maine has a stable foreclosure process that is working and has saved thousands of homes. The Maine foreclosure process enables homeowners to speak with a live person from their mortgage company through the Foreclosure Diversion Program (FDP) to reach a sustainable resolution to save their home. As you can see from the 2025 annual report submitted to this Legislature from the Maine Judicial Branch on the performance of the Foreclosure Diversion Program, the program helped

hundreds of Maine homeowners just last year and “well over half of the cases that participate in the FDP conclude in dismissals.”<sup>1</sup>

We need to keep these projections in place for Maine homeowners more than ever while federal protections are under attack. Just this past week, the Consumer Financial Protection Bureau, the federal agency that protects consumers from unfair financial practices including from mortgage servicers and lenders, was shut down. Employees were told to stay home and cease all work. The current chief of the CFPB has stopped all funding for the agency.<sup>2</sup> The CFPB has been instrumental in helping homeowners through their online complaint and investigations process, enforcement proceedings, and educational materials. For the foreseeable future, these resources are unavailable to homeowners. These are unprecedented times and we need states to step up and protect homeowners more than ever, not roll back protections.

**The length of Maine's foreclosure process does not correlate to higher credit costs or less access to credit.** There is a proposition by lenders that increasing the protections provided to homeowners, including the protections built into Maine's judicial foreclosure system, increases the cost of credit and decreases the availability of credit for Maine residents seeking to purchase or refinance a home. This theory is not accurate, especially now when most mortgages are bundled and sold in bulk to trusts and other entities. The mortgages are not all from Maine. They are from different states. It is these packaged mortgages from all different states that determine the price of those mortgages. The cost of credit now is largely set by the secondary market, not the foreclosure timeline in Maine.

Even if there is a correlation between the length of the foreclosure process and increased costs, this does not mean the cost of credit has increased or access to credit has decreased. The opposite theory seems more likely- that the existence of better protections and a more careful pre-foreclosure process creates more carefully originated and serviced mortgages, which limits the exposure and risk of default from those mortgages. Mortgage lenders lose money when a home ultimately goes to a foreclosure sale; they have to pay carrying costs and the value of the home decreases due to the foreclosure status. This would mean that enhanced consumer protections for mortgage loans, including Maine's comprehensive judicial foreclosure process that prevents more than half of Maine homes in foreclosure resulting in a judgment, actually should lower the cost of mortgage loans in this state.

**The proposed study is duplicative and unnecessary.** A comprehensive study of the judicial foreclosure system was conducted by then Attorney General Janet Mills in 2014, in which I participated. Attorney General Mills conducted a working group that met 15 times and reported back to the Joint Standing Committee of the Judiciary with recommendations. As you will hear in other testimony, many of those recommendations were implemented to help increase the efficiency of certain foreclosures such as those of abandoned and vacant properties and others still remain to be implemented. However, the lenders and servicers are not using those laws. Yet they want to now convene another working group, devoid of any housing or consumer advocates, members of the judiciary, or even homeowners, to evaluate the foreclosure process

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<sup>1</sup> <https://legislature.maine.gov/doc/11540>

<sup>2</sup> <https://www.businessinsider.com/cfpb-shutting-down-dc-offices-russ-vought-trump-elon-musk-2025-2>

in Maine, which has been efficient and effective in adjudicating foreclosure cases since the study was performed. There is no basis for convening another working group except to roll back protections provided to Maine homeowners at a time when they are needed the most. For these reasons I urge you to oppose LD 184/HP 117, "Establishing the Commission to Study the Foreclosure Process."

Thank you for considering in opposition to this important legislation. Please feel free to contact me if you have any questions.

Sincerely,

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