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DEPARTMENT OF PROFESSIONAL
AND FINANCIAL REGULATION
BUREAU OF CONSUMER CREDIT PROTECTION
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Janet T. Mills
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William N. Lund
SUPERINTENDENT

Office of Community Economic Development
U.S. Department of the Treasury
Washington, DC 20220

Re: Maine's Responses to Treasury's Comments on State HAF Plan

Dear Treasury HAF Team:

Thank you for providing comments on Maine's draft HAF Plan.

Attached please find our written responses to the issues raised. Both this cover letter and the responses have been uploaded to your site where indicated. In addition, appropriate modifications have been made to the Plan itself.

We look forward to working with your agency to finalize the state Plan and work with our network of nonprofit housing agencies to distribute funds on behalf of Maine homeowners affected by the pandemic.

Sincerely,

Maine Bureau of Consumer Credit Protection



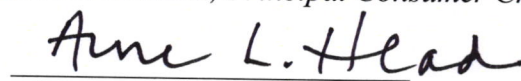
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State of Maine's Responses to Treasury Feedback

HAFP-0054-Maine Treasury Feedback for Resubmission of Plan

Please revise the HAF plan by providing a response to the question(s).

Homeowner Needs and Community Engagement Data

- No questions.

Community Engagement and Public Participation

- Please provide an update indicating any public comments you have received since you submitted your HAF Plan, from which organization you received any such comment, and whether you have responded to the comments.

Maine's response: Since submitting the HAF Plan to Treasury, the Maine Bureau of Consumer Credit Protection has not received any formal public comments. However, the agency has received a great deal of input from interested parties, including:

Homeowners: More than 450 homeowners have contacted our agency to request information on when the plan will be implemented and what steps they must take to apply. We have responded to each message, providing an update on progress, and recording their contact information so they can be notified when the program goes live.

Service providers: Many companies have contacted our offices to promote their offerings, from software to facilitate the program, to providers of cellular telephone numbers and email lists to assist with outreach efforts. We have acknowledged all communications, except where the rules for RFPs (requests for proposals) have limited our ability to do so during an active bidding period.

Organizations representing socially disadvantaged homeowners: Several groups, including those assisting Indigenous Peoples and those coordinating services for recent immigrants, have contacted the agency requesting updates and progress reports, which our office has provided.

Nonprofit housing counseling partners: We have received many individual or group communications from entities that will be assisting our office in implementing the plan. They are making staffing and training plans based on expected demand.

Utilities and Municipalities: In addition to mortgage delinquencies, we propose to assist consumers who are in default on municipal taxes or utility payments. For that reason, we have received communications from cities and towns requesting updates on progress, as well as from our state's largest utility companies.

Mortgage Servicers: Individually and through the coordination provided by the state housing agency association NCSHA, our office has received communications from mortgage lenders and servicers, to determine the extent to which formal agreements and procedures will be required to a) communicate with each other efficiently; b) facilitate prompt and accurate consideration of homeowners' circumstances; and 3) ensure prompt payment to servicers and concomitant credit to consumers' accounts.

Ongoing Assessment of Homeowner Need

- No questions.

Program Design

- Please explain how the sources of data listed in the section on Homeowner Needs informed the Program Design Elements included in your plan.

The most important source of data utilized in designing Maine's plan was information derived from our agency's operation of the State of Maine Foreclosure Outreach program since 2009. At the beginning of the foreclosure crisis in 2008 and 2009, the Maine legislature amended the state's foreclosure statutes (Maine is a judicial foreclosure state) to require the Bureau of Consumer Credit Protection to establish a program to a) receive (on a daily basis) the names and addresses of homeowners who had received "notices of right to cure default" from their mortgage lenders and servicers; b) mail each of those homeowners an informational letter notifying them of the availability of loss mitigation options to help resolve mortgage default issues; and c) provide, through contracts with HUD-certified housing counseling agencies, foreclosure counseling and loss mitigation assistance to homeowners at risk of foreclosure. The Bureau staffs a telephone hotline, and pays for the housing counseling, so that service is provided without charge to consumers. Maine's legal assistance agency is also under contract with the Bureau, for those foreclosure cases in which legal representation is required.

In 2017, the legislature amended the state's real property tax lien procedures to require municipalities sending out notices of impending tax liens or impending tax lien foreclosures to add the name and contact information for the Bureau of Consumer Credit Protection to such notices, as well as a statement notifying the taxpayer that they could contact the Bureau for

assistance with their tax issues. The Bureau uses its existing housing counselor and legal assistance network to provide counseling and support to homeowners regarding such tax issues.

The Bureau of Consumer Credit Protection also licenses and regulates all non-bank mortgage lenders and servicers doing business in Maine. Such regulation involves receiving and acting on complaints from homeowners regarding the servicing of their mortgages. This oversight is accomplished by reviewing records and procedures of the lenders and servicers, dealing with servicers or lenders directly or through housing counselors regarding such complaints, and resolving complaints through loss mitigation, other agreed-upon resolutions, or – when necessary – through administrative hearings and orders.

All the information gained through these different programs informed our Plan design, since Bureau staff-members are familiar with the most common problems facing Maine homeowners regarding mortgages and property taxes. In addition, staff understands the geographical and economic distribution of such homeowners; and our employees have worked with lenders, servicers and municipalities to address the needs of such homeowners.

This information enabled our planners to determine the maximum per-household benefit amount that would resolve the largest number of applications anticipated, as well as the estimated income levels of homeowners who will be applying for assistance.

- Will there be a method in your HAF program, early in the process of engaging with a household, to evaluate immediate threats to the housing stability of applicants, which may need to be addressed under an expedited or prioritized timeline (e.g. HOA liens, tax delinquencies, utility shut off)?

Yes. Applications for assistance that involve tax liens approaching municipal foreclosure, delinquent utility bills resulting in threatened shut-offs, or other emergency situations, will be flagged for immediate review, as will any application in which a mortgage foreclosure judgment has already been issued. Our government agency, and our existing nonprofit counselors through the hotline and referral program we have administered for more than a decade, are accustomed to this need to identify emergency cases. Our agency's intake forms are universally referred to as "triage forms," for this very reason.

- Please describe how your program will utilize housing counselors or legal services to assist homeowners in evaluating loss mitigation options available for their mortgage. Your description should include:

- whether your program will connect homeowners with housing counseling or legal services early in the process.

Yes – our agency’s program will connect homeowners with housing counselors or legal service providers. This is how our agency’s foreclosure prevention hotline and referral service has operated for more than ten years. We anticipated contracting with a sufficient number of nonprofit housing counseling organizations to provide coverage throughout our state, which is large geographically. Homeowners will be “assigned” to the counselor closest to them, and the counselor will assist the consumer with the application process, as well as with any required loss mitigation prerequisites.

- the role housing counseling or legal services providers will play in supporting homeowners' efforts at engaging in loss mitigation.

Many of the housing counselors who will be under contact with the Bureau are the same organizations that have been providing loss mitigation services on behalf of the Bureau for our existing program. They are familiar with the required and available loss mitigation programs; they know the servicers and the correct portals to utilize in order to reach decision-makers in local and national mortgage lenders and servicers; and they are accustomed to working with consumers to complete loss mitigation applications.

- How will your program leverage resources available through a loss mitigation process to benefit eligible homeowners and how will your program avoid using HAF funds in ways that duplicate relief that available loss mitigation options might provide?

To maximize the impact of HAF funds, it’s important to ensure that homeowners first avail themselves of all loss mitigation options. Servicers have come to understand this requirement, since that precondition will be part of each state’s process, so Maine will work with lenders and servicers to ensure that loss mitigation strategies are fully exhausted before providing HAF funds to servicers on the homeowner’s behalf. Exceptions may be made where homeowners can demonstrate they have recently completed an unsuccessful loss mitigation process, or in emergency situations in which a delay of any sort would work to the detriment of the homeowner.

- Please explain what steps, if any, your program will take to assist the homeowner in determining whether a HAF-resolution will result in a sustainable monthly payment?

The Bureau will apply standard loss mitigation guidelines, which define an affordable payment as one that constitutes 31% or less of a homeowner’s gross income. The Bureau and counselors under contract with our agency will also

review for affordability based on amounts of other monthly payment obligations. Housing counselors, who are certified and trained to ensure that a resolution is affordable, will also apply their expertise and assistance in determining affordability.

- Are you anticipating increased winter home energy costs and their potential impact on the homeowners that HAF will serve?

Maine is the northeastern-most state in the Lower 48, and our state's residents, and housing counselors advising those residents, have learned to factor in the costs of utilities in determining the true cost of living in this region. The Bureau will instruct counselors to be mindful that energy costs themselves may increase on a per-unit basis, and plan accordingly.

- Your programs set \$25,000 as the maximum amount of assistance per homeowner. Please explain how you determined this amount will be sufficient to resolve housing-related delinquencies and whether the cap will be sufficient in areas with higher housing costs?

The \$25,000 figure was derived from data collected through Maine's foreclosure prevention program. Under the program, mortgage services must report certain data to the Bureau, including cure amounts needed to bring consumers' mortgages current. Based on this data, the Bureau concluded \$25,000 would be sufficient to cure the defaults of approximately 90% of Maine households that received a "right to cure default" notice during the pandemic, inclusive of areas with higher housing costs.

Eligibility

- Regarding reverse mortgages, please note that Treasury's updated Sample Term Sheets for provides eligibility under the Mortgage Reinstatement Program (p.2) for a homeowner that is either in default due to property charges or has entered a repayment plan to repay such charges. Please consider updating your program eligibility to reflect this provision.

This suggested change has been incorporated into the Term Sheet.

- Please provide the rationale for not using a fact-specific proxy as one method for establishing eligibility under your plan, including how you determined that without such a proxy, your program can avoid unnecessary barriers to participation by eligible homeowners.

As the state's administrator of Maine's Fair Credit Reporting Act, our agency is the recipient of identity theft complaints from Maine consumer, and for that reason we have gained a heightened awareness of the levels of fraud and

misrepresentation that have accompanied some benefit programs. However, that risk is lessened in the case of HAF, since payments will not go directly to homeowners but rather will be directed to servicers or others on the homeowners' behalf. Since the primary goal of the program is to apply funds where they are needed, the Bureau will consider fact-specific proxies (alternative evidence, affidavits or other written assertions and assurances from homeowners) in those cases in which other written documentation is not available, striving to apply the least restrictive standards that will maintain the integrity of the program.

- Please provide the rationale for excluding from consideration as socially disadvantaged the applicants who do not respond to the provided attestation regarding race and ethnicity.

The term “socially disadvantaged” is defined in the HAF Guidance to refer to individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities. Without an applicant’s response to the question about race or ethnicity, the Bureau or its housing counselor partners assisting homeowners will be challenged to determine that status. We will make efforts to discern whether there exist reliable alternate indicators of the status without asking applicants to make a self-declaration, and will propose modifications to the procedural aspect of the plan if appropriate.

Outreach

- Please explain how the program will provide culturally relevant marketing.

The Bureau plans a broad marketing effort to provide information to eligible homeowners. The Bureau has already initiated conversations with specific groups, including organizations that provide assistance to Indigenous People, and recent immigrants. We plan presentations in different languages, to increase inclusiveness. We will also work to make the program known to creditors of the homeowners (utility providers, municipalities, and mortgage servicers), since those entities will know who among their customers is in need of assistance. Finally, we will incorporate an educational element into our existing foreclosure prevention hotline, intake and referral service, since on a daily basis we receive the names and addresses of Maine residents who are in default on their mortgages; we currently mail informational letters to those homeowners; and those homeowners include members of all cultures in this state. The Bureau will supplement our letter to homeowners to include information on Maine’s HAF program.

Prioritization

- If your program intends to serve households who are over the 100% AMI threshold, how will your program prioritize Socially Disadvantaged Individuals?

The Bureau's current plan is to establish program limits at 100% of AMI, until demand is determined and the payment process is working efficiently. If the program has sufficient funding after the initial stage, the Bureau will prioritize the applications of Socially Disadvantaged Individuals by ensuring that their applications are considered – and payments distributed – ahead of others awaiting consideration.

Performance Goals

- Please explain how you intend to communicate your progress towards performance to the public.

The Bureau intends to communicate our progress made toward performance to the public through presentations, press releases, television, public service announcements, webpage information and social media. Reports and updates will be provided to lawmakers and to the Governor's office. The Bureau will hold regular meetings with our nonprofit housing counseling partners to discern progress and challenges, and publicly communicate the results.

- Please indicate which three metrics will serve as the best indicators of the success of your program.

The three best indicators will be 1) the number of mortgages reinstated; 2) the number of rate reductions obtained; and 3) the number of households assisted/foreclosures prevented solely through counseling or legal services without payment of HAF funds to resolve the homeowner's defaults or delinquencies.

- Please indicate whether you intend to disaggregate metrics by income, race, gender, etc.

Yes.

- Please consider including as an additional metric the number of homeowners assisted/foreclosures prevented solely through counseling or legal services without payment of HAF funds to resolve the homeowner's defaults or delinquencies.

The Plan has been modified to include that metric.

Readiness

- Please provide the most recent available information about your program's readiness, including staffing, contractors, development of policies and procedures, etc.

The Bureau's Request for Proposals (RFP) Evaluation Team is reviewing bids from 15 software providers, and the level of experience of the selected provider – such as with HAF pilots programs, or HHF, or Rental Assistance – will in part determine how quickly the Maine program can be stood up. Nonprofit housing counselors and our state's legal assistance organization are prepared to participate, and are awaiting the launch of the program, so specific training and staffing decisions can be made. Depending on the software provider selected, the state may follow the lead of other states by instituting a “pre-selection” process so prospective applicant understand whether or not they will qualify. The Bureau already maintains constant communications with the state's network of housing counselors and the legal assistance organization as a result of the existing foreclosure prevention program, so those meetings will focus on development of policies and procedures, to ensure that the final program will be offered on a consistent basis regardless of the partner-provider. Representatives of groups assisting Socially Disadvantaged Individuals will be asked to participate in the development of policies and procedures. The Bureau's current staffing is sufficient to support start-up, and additional staff are being hired at this time, to assist with the program and provide support for existing staffers who will be assigned to administer the program. Municipalities have indicated an ability to participate right away, as have utility companies.

- Is your program prepared to launch upon approval and, if not, by what date will you be ready to launch following approval?

We are targeting January 1, 2022 as a “go-live” date. Before that date, a software provider must be selected, that provider must develop a Maine-specific program, policies and procedures must be developed, and outreach must be undertaken.

- Please provide updated information about your progress in spending the initial 10% payment from your jurisdiction's full allocation and the status of any pilot assistance already offered or made available to homeowners.

We have not spent funds beyond a small amount to a Maine-based consultant with specific experience in loss mitigation programs. Unlike some administrators that are housing authorities overseeing their own portfolios of mortgages, the Bureau is a regulatory agency, and we did not have the option to run a limited-reach program without subjecting our office and the state's non-profits to pressure from those who were not served by the pilot. With the

existing network of counselors under contract as part of the Bureau's foreclosure prevention program, our agency will not experience the start-up costs associated with establishing such a network from the ground up.

Budget

- Your plan provides a total budget amount of \$3,900,000 for administrative expenses, less than the 15% of the total allocation permitted for those expenses. Please provide additional information about how you anticipate supporting the full administrative needs of this program.

Since the initial plan was drafted, the Bureau has received additional information, and has conducted a preliminary review of 15 bids from software providers in response to an RFP (request for proposals). Based on that information, the Bureau has adjusted the budget to include \$4,900,000 in administrative expenses over the lifetime of the program. As previously noted, the Bureau has staff in place to administer the program, as well as relationships with non-profit housing counselor partners, municipalities, and mortgage lenders and servicers. These existing resources will reduce program start-up costs. To the extent the budget may require further adjustment, the Bureau will file amended figures and request Treasury's approval.

- Your plan indicates a total budget of \$5,000,000 for Mortgage Principal Reduction but in the list of qualified design elements does not include mortgage principal reduction as a qualified program element. Similarly, your plan indicates a total budget of \$0 for Mortgage Payment Assistance but lists it as a qualified program element. To the extent necessary, please correct these budget allocations.

We have made corrections to the Plan based on this comment.