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MARYLAND HOUSE JUDICIARY COMMITTEE
TESTIMONY OF MARYLAND VOLUNTEER LAWYERS SERVICE
IN SUPPORT OF HB0772: DEBT COLLECTION – EXEMPTIONS FROM
ATTACHMENT AND EXECUTION
WEDNESDAY, FEBRUARY 24, 2021

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Chair Clippinger and distinguished members of the Committee, thank you for the opportunity to testify in support of House Bill 772.

My name is Amy Hennen, and I am the Director of Advocacy and Financial Stabilization at the Maryland Volunteer Lawyers Service (MVLS). MVLS is the oldest and largest provider of pro bono civil legal services to low-income Marylanders. Since MVLS' founding in 1981, our statewide panel of over 1,700 volunteer lawyers, has provided free legal services to over 100,000 Marylanders in a wide range of civil legal matters. In FY20, MVLS volunteer and staff lawyers provided legal services to 4,459 people across the state. Approximately 30% of our cases focus on consumer issues like foreclosure, tax sale, bankruptcy, and debt collection. For the reasons explained below, we respectfully request a favorable report on House Bill 772.

MVLS assist Marylanders facing debt in several ways, including a courthouse clinic in Baltimore City as well as representing Marylanders statewide filing for bankruptcy. Since 1999, we have assisted over 8,000 Marylanders get bankruptcy assistance and in an average year we assist more than 400 people facing debt collection at our courthouse clinic in Baltimore City. From the data collected, the average consumer seen at these clinics is an African American woman earning less than half the Maryland median income. She is in her early 40s, does not have a college degree, and she is caring for at least one child or parent at home.

We know that statistically people who do not show up to the courthouse to dispute a lawsuit make up more than 80% of people sued in the state. That means they do not have the opportunity to contest what they allegedly owe. This further means that the first interaction they have with the lawsuit is via a garnishment. Unless the debtor knows they can file to request to exempt funds in their account (and I do not believe I have ever met a non-lawyer who knew they could do this), the creditor can take up to 100% of the contents of their bank account. These garnishments keep people in a cycle of poverty. They can easily mean someone cannot cover their rent payments, leading to eviction and homelessness. This cycle is a greater strain on state resources.

Two of our clients exemplify the need for this bill. Sharon is in her late 60s and she had a modest amount of debt and her only income was from social security

so it was protected from garnishment. However, she forgot that her grandson had an account with her name on it even though none of the funds were hers. One of her creditors did not freeze her checking account but did freeze the account that was held jointly with her grandson that contained only her grandson's wages. I had to file to release the account, which took six weeks. My client who was barely able to cover her basic expenses had to give money to her grandson to ensure he would not get evicted. And her grandson had to change banks. All because she forgot her name was still on his account from years prior.

Another client, Arlene, had a particularly frustrating experience. She is in her mid-70s, recently widowed and blind. Additionally, her only income comes from social security and she owns no real property or tangible assets of value. However, her son had given her \$200 so she could get groceries for the month. In late September 2019, her creditor filed to garnish her account that contained these comingled funds. She was already working with me, so I filed to exempt her funds and release them a few days later. At the end of October, rather than automatically releasing the funds, the Court reviewed my motion and set in a hearing for late November. I appeared at the hearing and asked that her funds be released, the creditor agreed that the request was timely filed, but still refused to release her funds without the Court ordering them to do so. Although the Court ordered the release of my client's funds orally, a written order was not sent to the bank quickly. In early December, I had to convince her bank's attorney to release the funds based on the court's written hearing notes from the court file. An official order was not sent by the Court to the bank until the end of January. Her funds were frozen from the end of September until early December only because her son tried to help her buy groceries. The funds would have been frozen until the end of January if the bank's attorney had not agreed to accept the Court's written notes from the hearing. Finally, she never would have been able to navigate this process without my assistance, and most debtors do not obtain legal assistance.

MVLS has been fighting to even the playing field for Marylanders with limited means for decades, and we know that these members of our community face significant financial obstacles. Although we believe Maryland's exemptions need to be expanded more broadly and specifically, the bill should add a bank account exemption rather than make it part of the \$6,000 wild card exemption, HB772 would benefit our residents who need the help the most. MVLS respectfully requests a favorable report on HB772.

Mister Chair and members of the Committee, thank you again for the opportunity to testify.