



National Association of Consumer Advocates

**Testimony to the Judiciary Committee
HB 772 – Courts – Judgments – Exemptions from Execution
Position: Favorable**

February 22, 2021

Delegate Luke Clippinger, Chair
House Judiciary Committee
Room 101, House Office Building
Annapolis, MD 21401
cc: Members, Judiciary Committee

Honorable Chair Clippinger and Members of the Committee:

The National Association of Consumer Advocates is a nonprofit corporation whose members are private and public sector attorneys, legal services attorneys, law professors, and law students whose primary focus involves the protection and representation of consumers. NACA's mission is to promote justice for all consumers by maintaining a forum for information-sharing among consumer advocates across the country and by serving as a voice for its members and consumers in the ongoing struggle to curb unfair or abusive business practices that affect consumers. In pursuit of this mission, NACA advocates for debt collection protections for consumers and families.

After a creditor receives a judgment against a consumer debtor, the creditor may file a "Request for Writ of Garnishment of Property Other than Wages" under Md. Rule 3-645 and 3-645.1 in order to seize any assets in a debtor's bank accounts. When the creditor communicates with the bank, the consumer's assets are immediately frozen up to the amount of the judgment. The consumers receive notice that this process has begun after their accounts are locked and they cannot access their funds. While this is instrumental to the creditor's recovery, it also leaves the consumers surprised, with no way to pay essential bills. Most notably, this action can happen at any time over twelve years, and a secondary market exists where debt-purchasers buy accounts that have been dormant for several years.

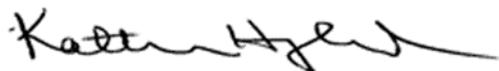
In my private practice, I have represented consumers who were never properly served with underlying debts, or who had entered into settlement agreements with original creditors that were not properly credited to their accounts. Years later, creditors filed requests for bank garnishments without notice. When the bank

garnishments hit their accounts, they immediately had no way to purchase groceries, make car and housing payments, and pay for basic necessities. While we made all proper court filings and waited for the courts to process their wild card exemptions, which can take over a month depending on the jurisdictions, these consumers accrued predatory, high-interest loans and debts to family members, and defaulted on other financial obligations. Since consumer wages are often directly deposited into bank accounts, one Baltimore County family with two wage earners had all sources of income cut off without warning. They could not afford their monthly daycare payment for their two young children and knocked on my office door in search of someone who could help.

The Maryland creditors bar repeatedly advises consumer advocates that they primarily use bank garnishments to shock consumers into calling the creditors, at which time they enter into reasonable repayment plans. Given that this is the true motivation behind the bank garnishment process, consumers ought to have access to a minimum amount of money in order to pay for a car payment, a child's school lunch, or other basic living expense. Even protecting a modest amount will make a huge difference for consumers and will still enable them to manage a repayment plan with the judgment creditors.

HB 772 will enable consumers to have a safety net while repaying their debts. For this reason, we strongly urge a favorable report.

Sincerely,



Kathleen P. Hyland, Esq.
Maryland State Chair, NACA

1215 17th Street, NW • 5th Floor • Washington, DC, 20036
(202) 452-1989 • Fax: (202) 452-0099 • www.consumeradvocates.org