



MLSC

MARYLAND LEGAL SERVICES CORPORATION

IOLTA - INTEREST ON LAWYER TRUST ACCOUNTS

Testimony Concerning HB 1038
“Foreclosure Proceedings – Residential Mortgagors and Grantors – Access to Counsel”
Submitted to the House Judiciary Committee
Hearing Date: March 2, 2022

Position: Favorable with Sponsor Amendments

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Maryland Legal Services Corporation requests a favorable report on House Bill 1038 with the sponsor amendments, enactment of which would establish a program providing access to legal representation in foreclosure proceedings for income-eligible Marylanders.

MLSC’s mission is to ensure low-income Marylanders have access to stable, efficient and effective civil legal assistance through the distribution of funds to nonprofit legal services organizations. It currently funds 36 organizations to work toward that mission across the entire state. The Maryland General Assembly created MLSC in 1982 to administer the state’s Interest on Lawyer Trust Accounts (IOLTA) program, and since that time MLSC grantees have assisted nearly 3.9 million Marylanders with a wide variety of civil legal needs.

HB 1038 names MLSC as the administrator of the Access to Counsel in Foreclosure Proceedings Program. MLSC has the experience necessary to serve in this role. Led by a nine-member Board of Directors appointed by the Governor and confirmed by the Maryland Senate, MLSC has funded and convened civil legal services providers for the past 40 years.

MLSC has an established grantmaking process that includes thorough review of each applicant’s experience, capacity and fiscal health by our Board and staff. Each application is carefully vetted to ensure MLSC is working toward its mission of promoting efficient and effective civil legal services. MLSC also frequently convenes legal services providers to offer chances to learn best practices, identify trends and find opportunities for collaboration.

MLSC has also had a special grant program for foreclosure prevention legal services since 2016, paid for with restricted, one-time funding. During the pandemic, legal services providers ensured homeowners had information about various protections available. They have reported that calls related to foreclosures have now started to tick back up, beginning with cases filed pre-pandemic.

Civil legal aid helps ensure fairness in the justice system. The essential work of legal aid providers ensures Marylanders have access to justice, regardless of the amount of money they have. The legal system can be confusing and requires specialized knowledge; paired with the high stakes of each case, it is vital to connect as many clients with attorneys as possible. Services that help low-income Marylanders understand their rights and allow them to rely on an advocate can make a tremendous difference.

With the sponsor amendments, MLSC asks for favorable consideration of House Bill 1038.