



MLSC

MARYLAND LEGAL SERVICES CORPORATION

IOLTA - INTEREST ON LAWYER TRUST ACCOUNTS

Testimony Concerning HB 225
“Foreclosure Proceedings – Residential Mortgagors and Grantors – Access to Counsel”
Submitted to the House Judiciary Committee
Hearing Date: February 1, 2023

Position: Favorable

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Maryland Legal Services Corporation requests a favorable report on House Bill 225, 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 41 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 approximately 4 million Marylanders with a wide variety of civil legal needs.

HB 225 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.

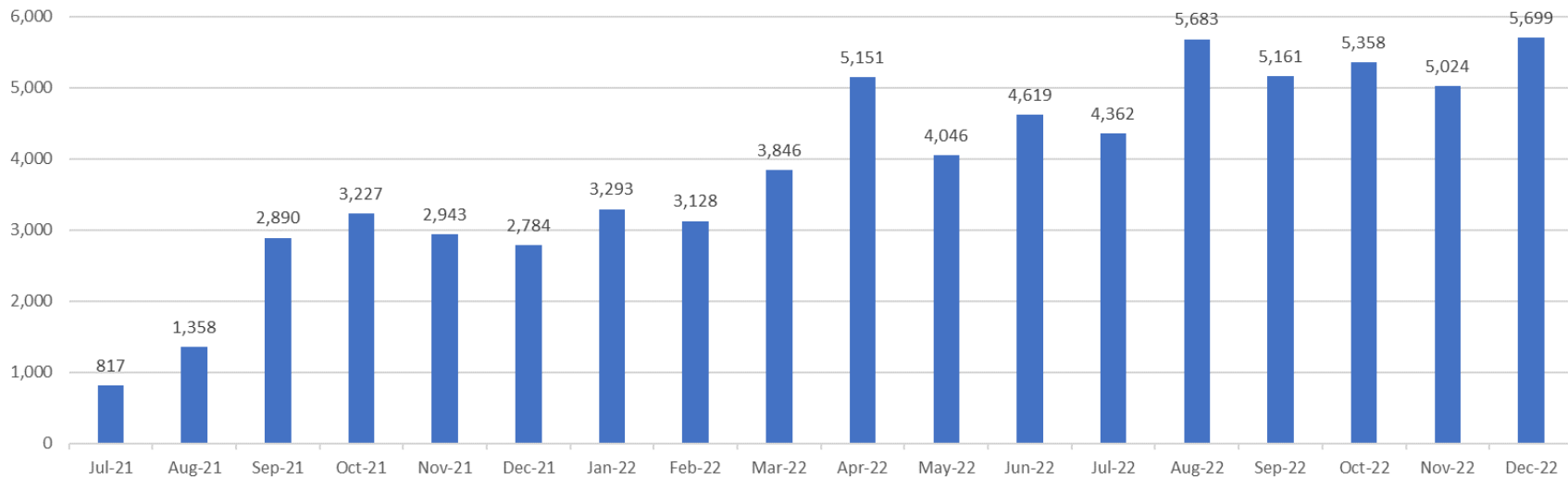
MLSC has also had a special grant program for foreclosure prevention legal services since 2016, paid for with restricted, one-time funding. During the pandemic, legal services providers ensured homeowners had information about various protections available. They have reported that calls related to foreclosures have continued to tick up. Statewide foreclosure statistics are attached.

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.

MLSC asks for favorable consideration of House Bill 225.

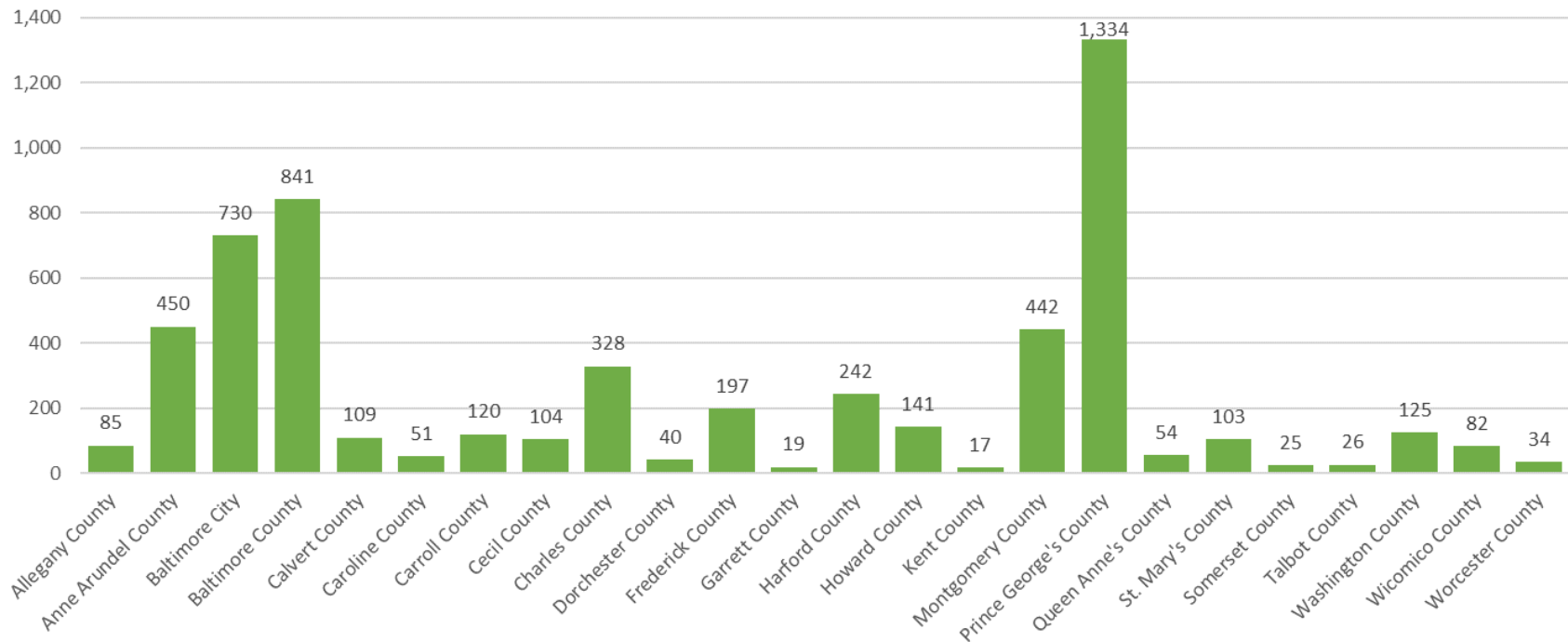
Appendix: Statistics

Notice of Intent to Foreclose, Maryland Total



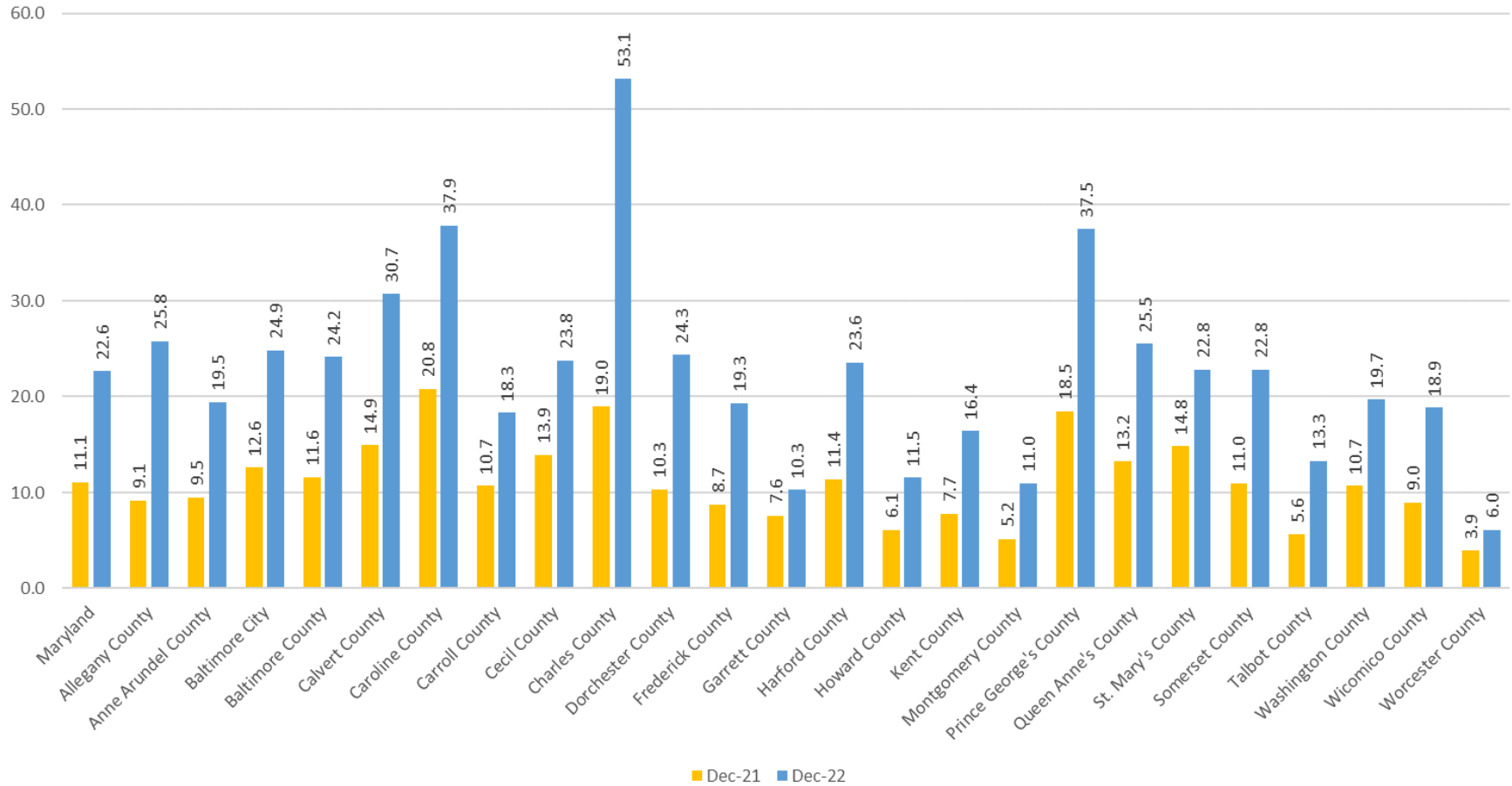
Source: Office of the Commissioner of Financial Regulation, Retrieved from Maryland Open Data Portal

Notice of Intent to Foreclose by County, December 2022



Source: Office of the Commissioner of Financial Regulation, Retrieved from Maryland Open Data Portal

Notice of Intent to Foreclose per 10,000 Housing Units



Source: Office of the Commissioner of Financial Regulation, Retrieved from Maryland Open Data Portal; U.S. Census Bureau American Community Survey, 2021 5-Year Estimates, Selected Housing Characteristics