

THE DAILY RECORD

MVLS program aims to help low-income debtors avoid filing for bankruptcy

By: Lauren Kirkwood Daily Record Legal Affairs Writer April 22, 2016



A new program from Maryland Volunteer Lawyers Service will help low-income debtors avoid harassing calls from creditors. "When we say, "No, we're just going to send them a letter," they say, "That is not going to do it," says Susan Francis, deputy director of MVLS. "There's a fair amount of disbelief that this actually will take care of it. (File photo)

For individuals who are living on a fixed income, are unable to pay off their consumer debt or are fending off frequent calls from creditors or debt collection agencies, filing for bankruptcy often seems like the only option.

Many of these debtors are "collection-proof" — meaning that their limited income and assets cannot legally be seized by creditors to repay their debts, but they are often still unable to stop the harassment, Francis said.

To that end, Maryland Volunteer Lawyers Service has launched a "Bankruptcy Bypass Program" through which volunteer attorneys will help these individuals avoid the expense and stigma of a bankruptcy filing by contacting creditors to stop the collection efforts.

The pro bono legal services organization will send letters to creditors on behalf of collection-proof clients — whom are senior citizens or are disabled — explaining that the client's situation was reviewed by an attorney, that the client is collection-proof, and requesting that the creditor stop contacting the individual, said Susan Francis, deputy director of MVLS.

"Medical debt is the number one reason people go into bankruptcy, and this is the prime population for carrying a tremendous amount of medical debt," Francis said. "They're also emotionally damaged by the behavior of creditors trying to pursue their debt collection activities, and they feel a lot of shame around filing for bankruptcy."

Many collection-proof people are living on income from Social Security Disability Insurance, or SSDI, Supplemental Security Income, or SSI, or a pension, according to MVLS. Paying a bankruptcy filing fee and even getting to the downtown courthouse can be significant hurdles, Francis said.

"Our hypothetical client that we're putting through the program is on Social Security, doesn't own a house, doesn't own a vehicle that is worth a couple thousand dollars, they have savings and checking accounts with maybe \$1,000 to \$2,000," she said.



The project, which launched in March with a \$10,000 grant from the American College of Bankruptcy Foundation, modeled after a similar program at the Legal Aid Society of Cleveland. MVLS already receives a high volume of bankruptcy-related calls, Francis said, and now will be able to easily divert those who are eligible to the bypass project.

"Some attorneys are doing this inherently as part of their practice, but this is a very structured process to that," she said.

MVLS will draw on its panel of volunteer attorneys to help carry out the program, Francis said, and the legal organization will also hold a webinar training session May 4 for other lawyers interested in volunteering.

Francis said she hopes to have about 50 volunteer attorneys trained and ready to help clients for the program year. A major aspect of the project will involve teaching potential clients about their rights, she said.

"Part of it is definitely that educational piece," she said. "These folks are used to really being harassed by creditors. When we say, 'No, we're just going to send them a letter,' they say, 'That is not going to do it.' There's a fair amount of disbelief that this actually will take care of it."

But a letter from an attorney referencing the client's collection-proof status sends the message that their efforts are better spent elsewhere, she said.

"At the end of the day, this is generally a financial choice for the creditors," Francis said. "I'm not sure creditors would view it this way, but I'm kind of viewing it as a favor to them, letting them know, 'This individual has no money you can collect.'"

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