The background is a dark purple gradient with several large, semi-transparent purple circles of varying sizes. A solid red rectangle is positioned in the top right corner.

Massachusetts Debt Relief Foundation

2018 REPORT

Mission

To improve the quality of life for people who are unduly burdened with excessive debt by providing compassionate and effective pro bono legal representation in order to eliminate debt and restore peace of mind.





Why We Help

Many residents of Massachusetts, through no fault of their own, whether due to illness, disability, job loss, scarcity of employment opportunities or for other reasons are unable to stay current with their financial obligations and can find themselves feeling vulnerable and falling into poverty due to debt. While struggling with debt, families live without basic necessities such as food, heat and medical resources, lose housing, vehicles and even employment, and suffer psychological effects. Living in the constant anxiety induced by debt strains families and affects children's well-being. Katherine Porter, "The Damage of Debt," 69 *Was. & Lee L. Rev.* 979 (2012).] Debt affects not only your finances, but also health, employment prospects, housing, and ability "to meet basic needs such as obtaining food, shelter, and medical care." (Crittenton Women's Union. "From Opportunity to Burden: Profiles of Low-Income Households Caught in the Credit Trap." Nov. 2014 Pg. 3.).

Individuals facing problems with money tend to resist relying on legal solutions, even when aware that a legal solution exists. [Pamela Foohey, Robert Lawless and Katherine Porter, "Life in the Sweatbox," 94 *Notre Dame Law Review* pg. 34 (2018).] There are solutions to debt that families may be unaware of, or simply cannot afford the cost involved. The family may be judgment proof, and can simply notify a creditor of their protected income status to stop the collection efforts. Or the individual may be able to reorganize their budget, improve their credit and pay down their debt in a reasonable time-frame. Another solution is filing a chapter 7 bankruptcy case, which in most cases eliminates nearly all of the person's debt after four to five months. [Ed Flynn, "The Changing Profile of Chapter 7 Filers," *Am. Bankr. Inst. J.*, Sept. 2018.



Why We Help

Complicating matters more is the intricate nature of a bankruptcy filing. In 2005 the bankruptcy law was substantially changed, now requiring significant documentation from the individual, the completion of two courses, and much more time spent by the individual's attorney. [Angela Littwin, "Adapting to BAPCPA," 90 *am. Bankr. L.J.* 183 (2016).] These changes require the attorney have a higher level of expertise in bankruptcy for the case to succeed, and have caused legal fees to increase to an average of \$1,224 for a Chapter 7. [See Foohey, above.] For the small percentage of cases accepted by traditional legal aid organizations, often the organization refers out to attorneys with minimal bankruptcy training. Well-meaning but inexperienced representation leads to unnecessary issues, such as a prolonged case length, incorrect filings that must be amended, increased work for the bankruptcy trustees and judges, and negative impacts on the client such as losing assets they otherwise would be entitled to keep or loss of discharge. The attorney lacking experience may be unaware of recent changes in the law and local rules, and likely lacks the software needed to file the cases.



How We Help

Our focus on only debt relief and financial education is widely different from traditional legal aid. Our specialized care ensures effective representation and minimizes the stress on court time and resources. We provide a permanent solution to solving our clients' financial problems, and not merely a band aid solution. With our team of specialists, we provide one-on-one in depth analysis of our clients' income, assets, debt, as well as short-term and long-term goals to advise the best route to financial stability. If appropriate, we then provide complete legal representation in bankruptcy to discharge debt, and then based on the client's individual needs, work with them to ensure they possess the tools to take advantage of their fresh financial start, including developing a budget and rebuilding credit. MDRF's clients are Massachusetts residents who do not own real estate whose income is at or below 150% of the HHS poverty Guidelines. We also have expanded our guidelines in 2015 to accept Veterans and Servicemembers at or below up to 200% of the HHS Poverty Guidelines.



Consultation Statistics - 2018

94 individuals counseled on debt relief.

- ▶ 14 – Bankruptcy advisable, but ineligible under DRF.
- ▶ 16 – Advised bankruptcy may be advisable, but other options may be appropriate.
- ▶ 22 – Bankruptcy is not advisable under current circumstances.
- ▶ 42 – Bankruptcy advisable, and eligible for representation.



Eligibility Guidelines

These guidelines may be adjusted on a case by case basis based on the individual's specific need or unusual hardship.

- ▶ Cannot own or have an interest in any real estate of any kind;
- ▶ Must not have realized a profit on the sale of any real estate in the past year;
- ▶ Cannot have more than \$2,000 in cash or cash equivalents, in any type of account, bank or institution, including retirement accounts. (Excludes social security benefits);
- ▶ Total value of all other assets, (excluding cash or cash equivalents) cannot exceed \$10,000;
- ▶ Household income should not exceed the poverty guidelines used by the Court to determine filing fee waiver applications.

Eligibility Guidelines

150% of HHS Poverty Guidelines

Updated each year, published around Jan. 31st. Numbers shown for 2018

Persons in Household	Monthly Income	Annual Income
1	\$1,517.50	\$18,210
2	\$2,057.50	\$24,690
3	\$2,597.50	\$31,170
4	\$3,137.50	\$37,650
5	\$3,677.50	\$44,1430
6	\$4,217.50	\$50,610
7	\$4,757.50	\$57,090
8	\$5,297.50	\$63,570
For each additional person add	\$540.00	

Eligibility Guidelines

- ▶ Income Guidelines for Veterans & Servicemembers; 200% of the Poverty Level
- ▶ Clients may need to pay court filing fee.

Persons in Household	Monthly Income	Annual Income
1	\$2,023.34	\$24,280
2	\$2,743.34	\$32,920
3	\$3,463.34	\$41,560
4	\$4,183.34	\$50,200
5	\$4,903.34	\$58,840
6	\$5,623.34	\$67,480
7	\$6,343.34	\$76,120
8	\$7,063.34	\$84,760



Since We Began...

When we started this Organization in 2011 we filed just 8 bankruptcy cases, discharging a little over \$250,000 in debt.

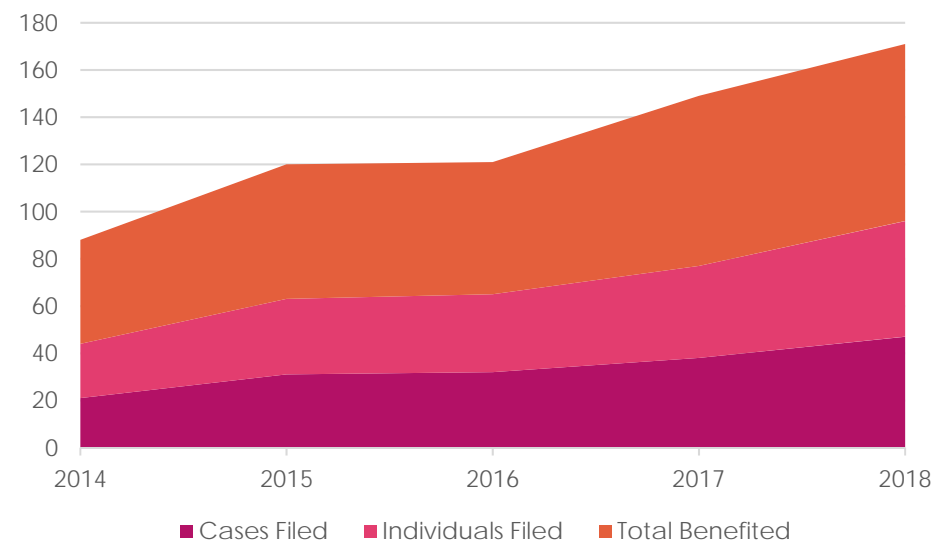
- ▶ Through the end of 2018 we have:
 - ▶ Filed a total of 224 cases,
 - ▶ Which has helped 412 individuals live without the stress and consequences of debt.
 - ▶ With bankruptcy, we have helped families eliminate over \$7.4 Millions in debt.

Cases Filed Over Last 5 Years

Year	Cases Filed	Individuals Filed*	Total Benefited**
2014	21	23	44
2015	31	32	57
2016	32	33	56
2017	38	39	72
2018	47	49	75

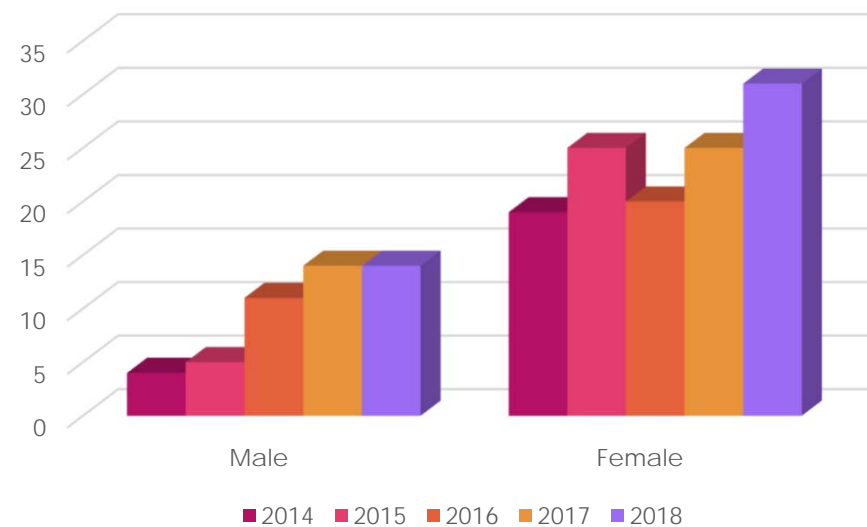
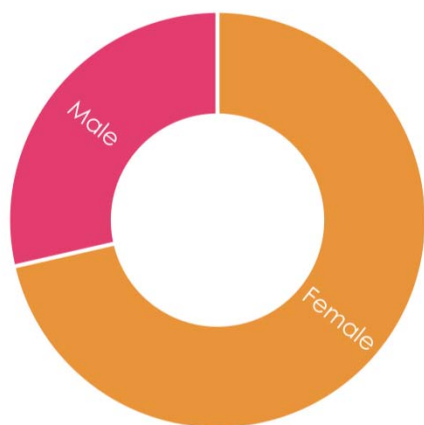
*Married couples may file together.

**Total Benefited includes spouses and dependents.



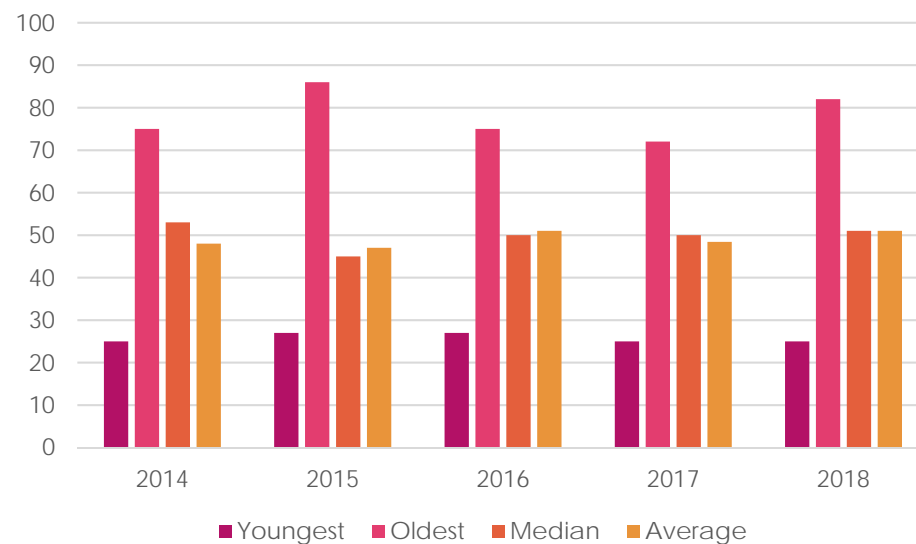
Demographics - Gender

	2011	2012	2013	2014	2015	2016
Male	4	5	11	14	14	4
Female	19	25	20	25	31	19



Demographics - Age

	2014	2015	2016	2017	2018
Youngest	25	27	27	25	25
Oldest	75	86	75	72	82
Median	53	45	50	50	51
Average	48	47	51	48	51

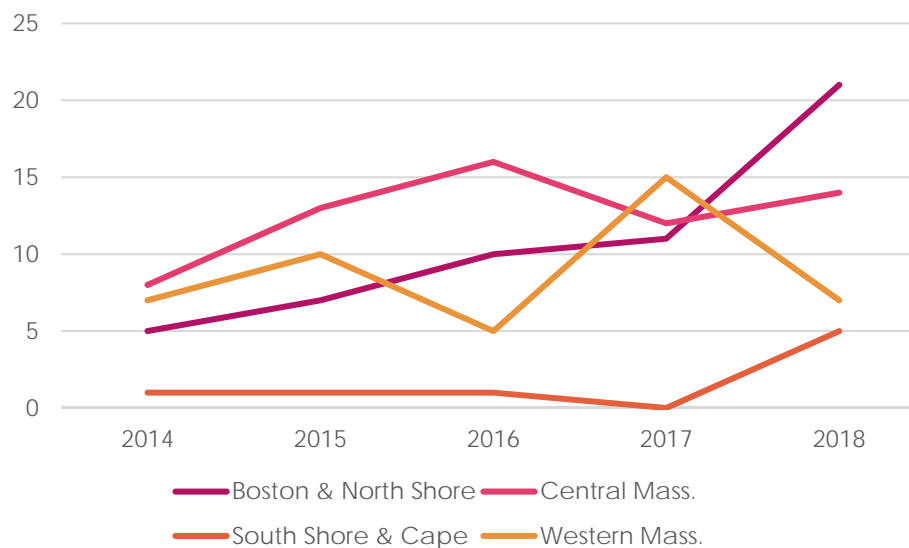
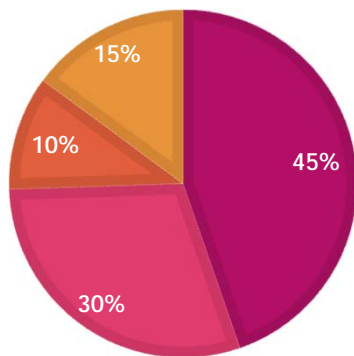


Demographics - Location

	2014	2015	2016	2017	2018
Boston & North Shore	5	7	10	11	21
Central Mass.	8	13	16	12	14
South Shore & Cape	1	1	1	0	5
Western Mass.	7	10	5	15	7

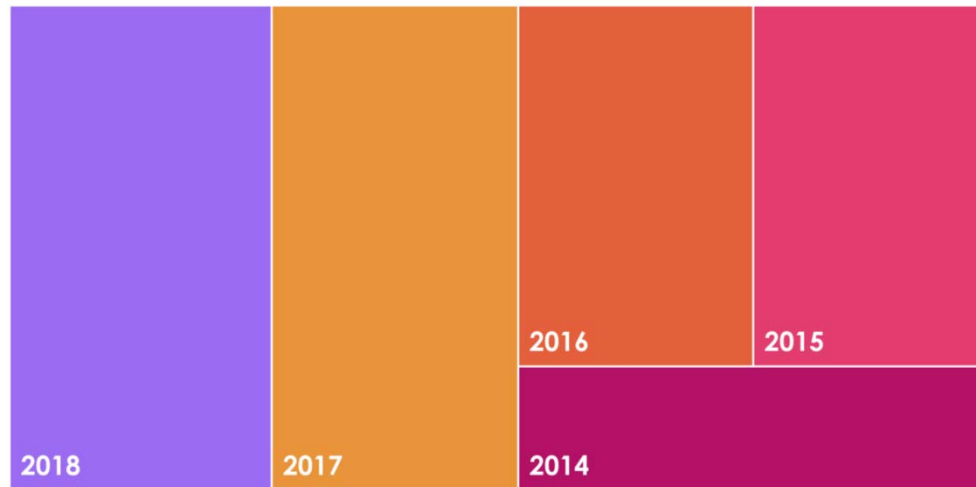
2018 CASES

■ Boston & North Shore
 ■ Central Mass.
■ South Shore & Cape
 ■ Western Mass.



Discharged Debt

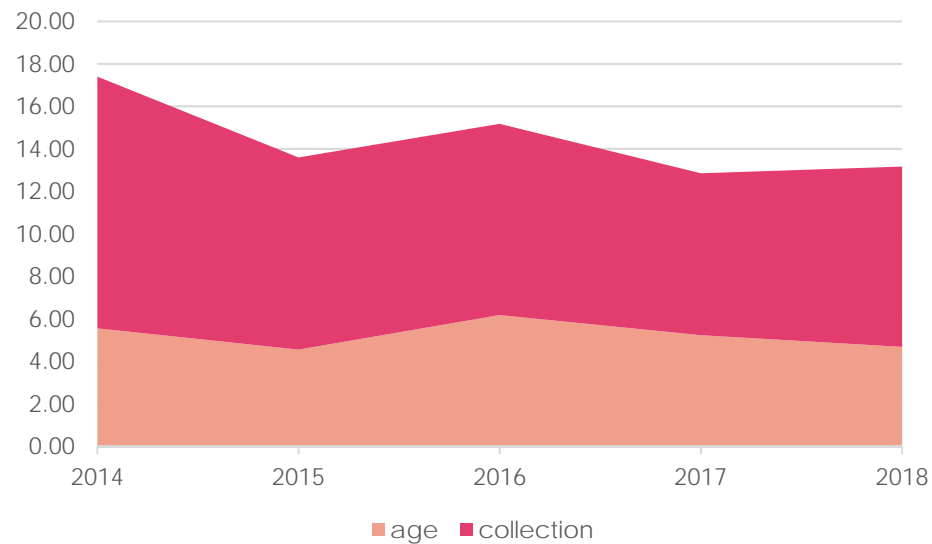
AMOUNT DISCHARGED



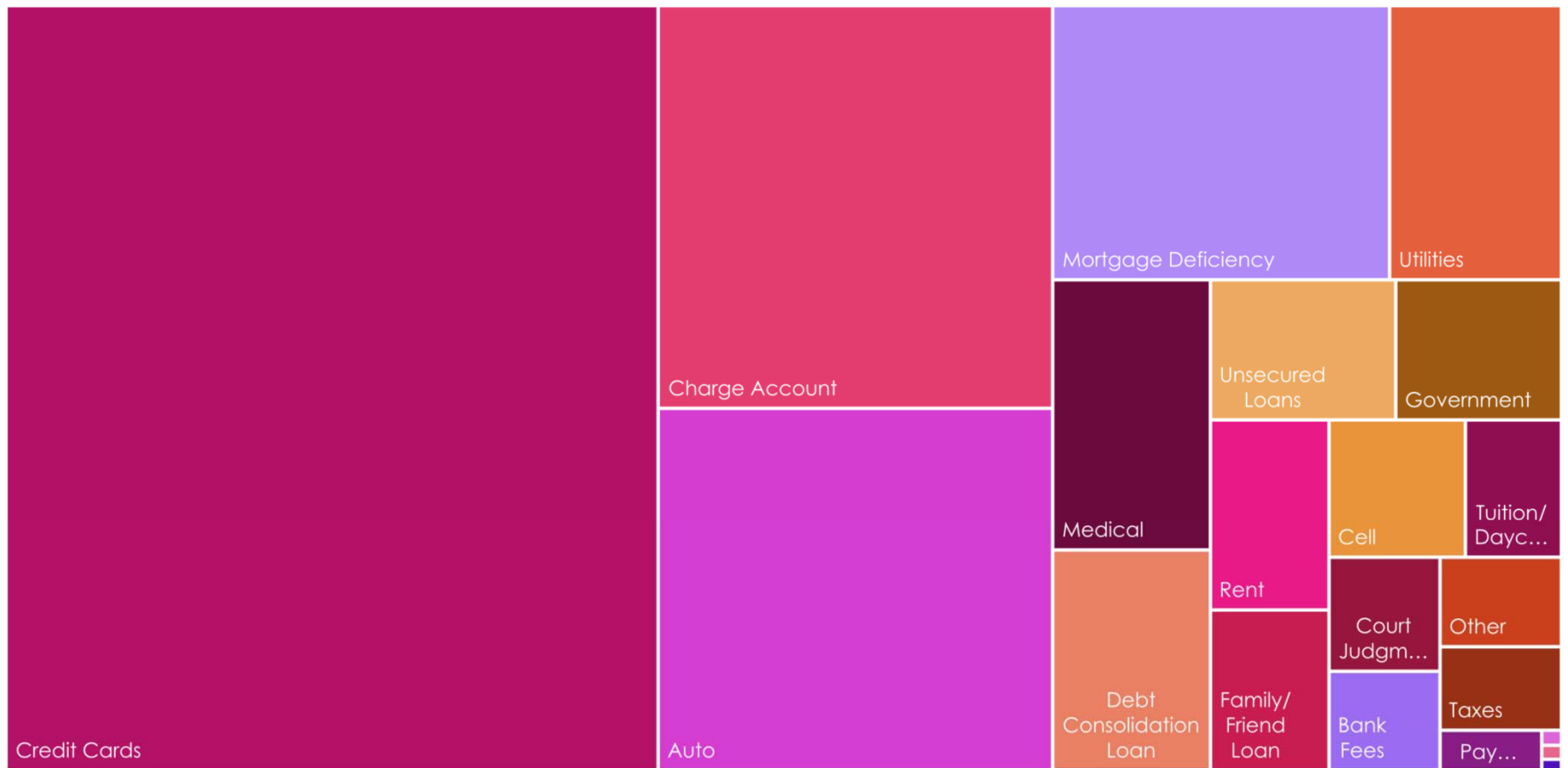
	2014	2015	2016	2017	2018
\$ Debt	\$677,098.75	\$985,298.53	\$985,966.44	\$1,389,349.53	\$1,478,059.90
Cases Filed	21	31	32	38	47

Discharged Debt – Age of Debt

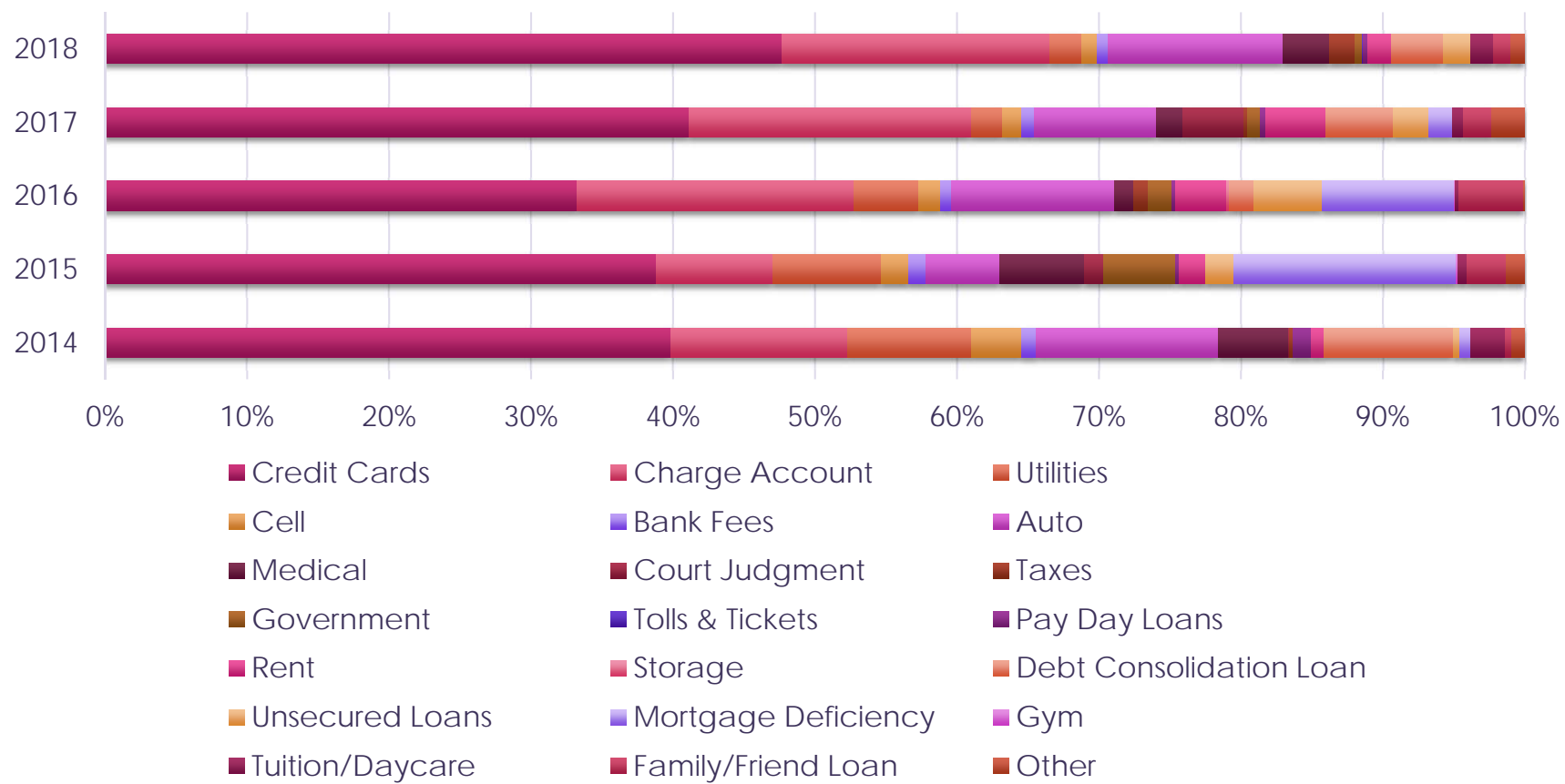
Year	2014	2015	2016	2017	2018
Avg. Age of Debt (in years)	5.55	4.55	6.18	5.23	4.68
Number of Collection Accounts	11.85	9.04	9.00	7.62	8.49



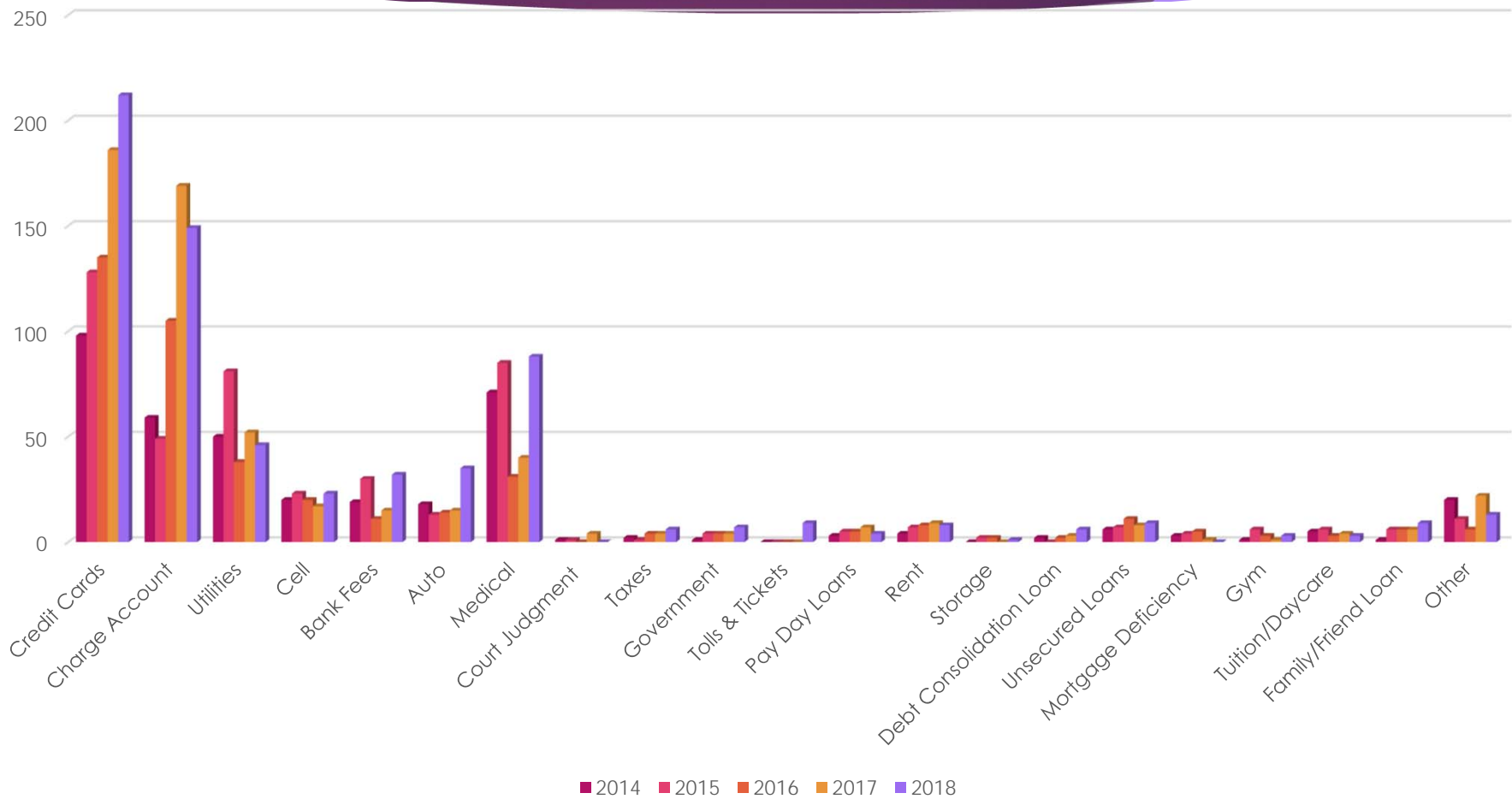
Discharged Debt 2011-2018



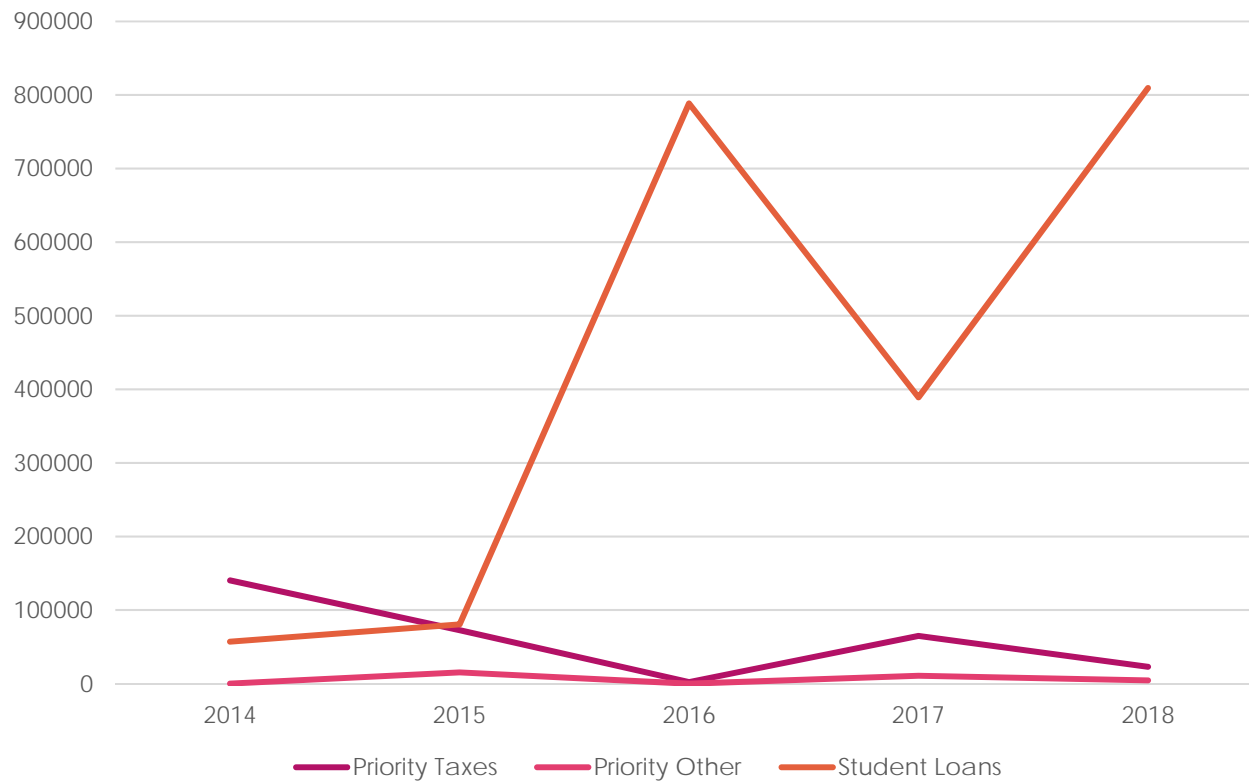
Discharged Debt



Discharged Debt – Number of Creditors



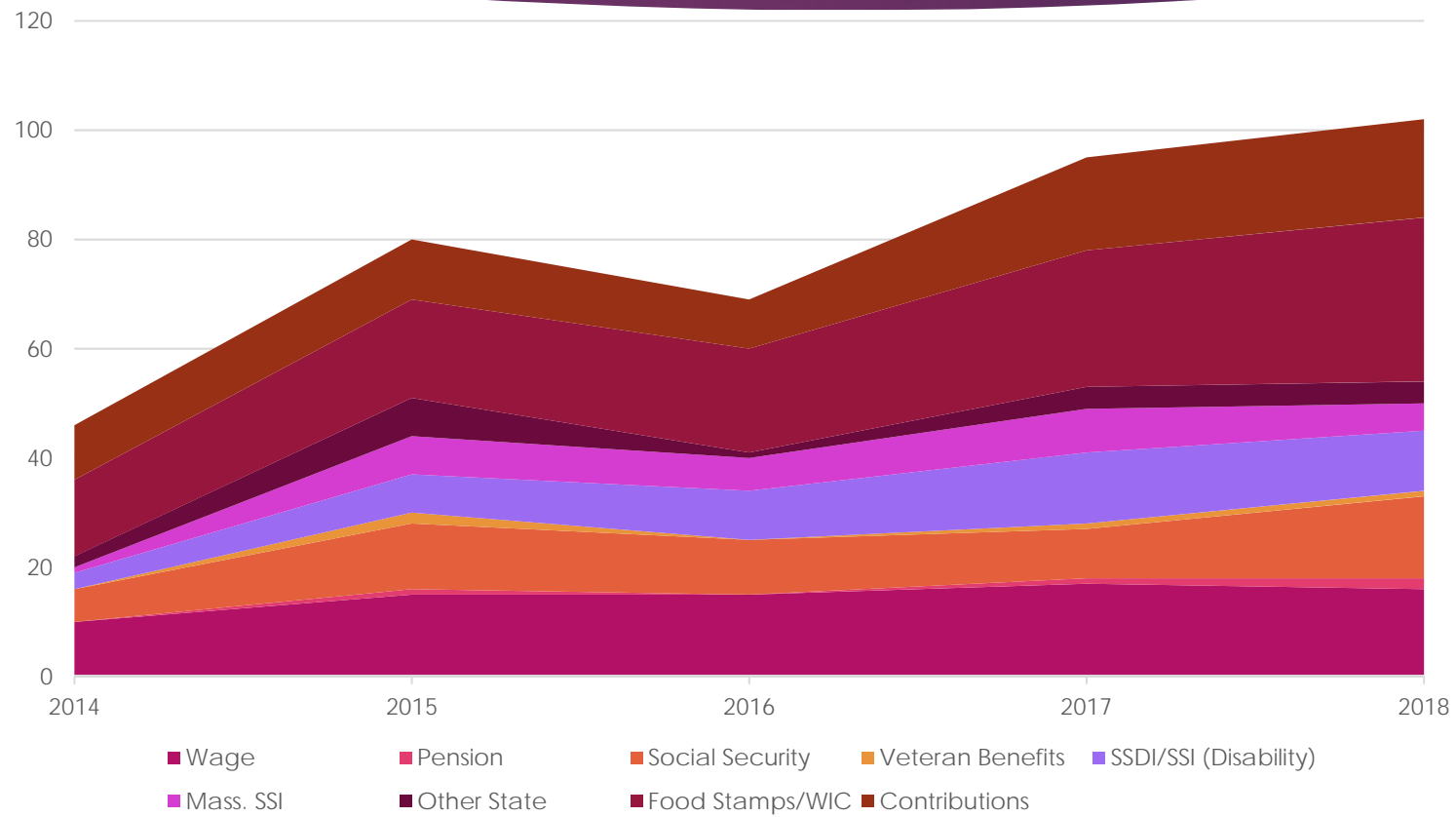
NonDischargeable Debt



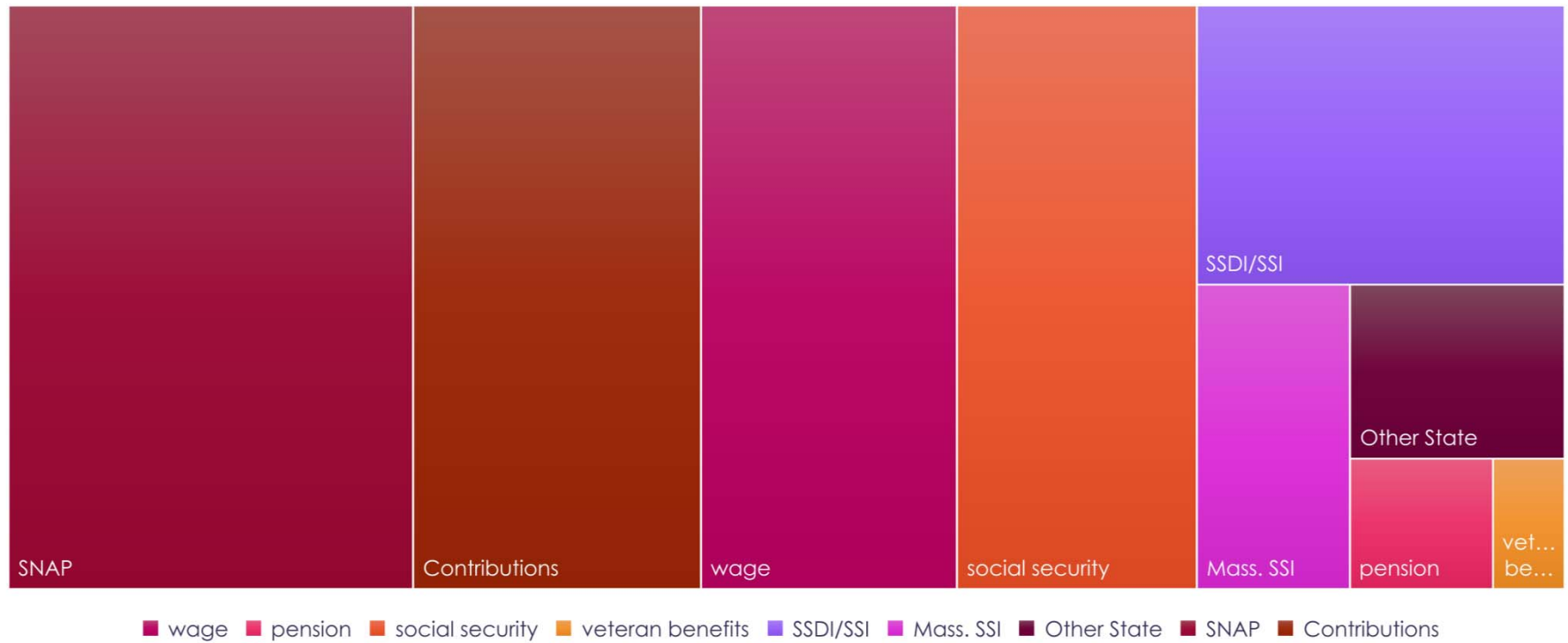
Income Sources – Number of Clients by Source

Year	2014	2015	2016	2017	2018
Wage	10	15	15	17	16
Pension	0	1	0	1	2
Social Security	6	12	10	9	15
Veteran Benefits	0	2	0	1	1
SSDI/SSI (Disability)	3	7	9	13	11
Mass. SSI	1	7	6	8	5
Other State	2	7	1	4	4
Food Stamps/WIC	14	18	19	25	30
Contributions	10	11	9	17	18

Income Sources



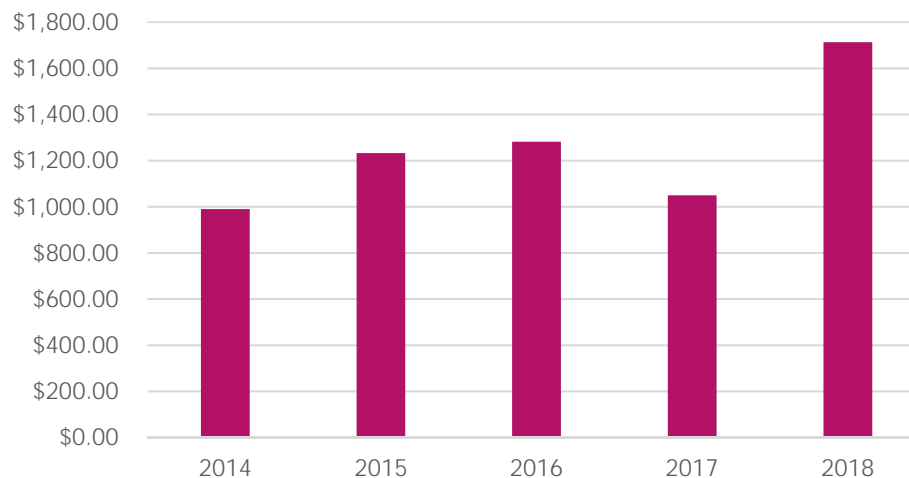
2018 Income



Cases with Wage Income

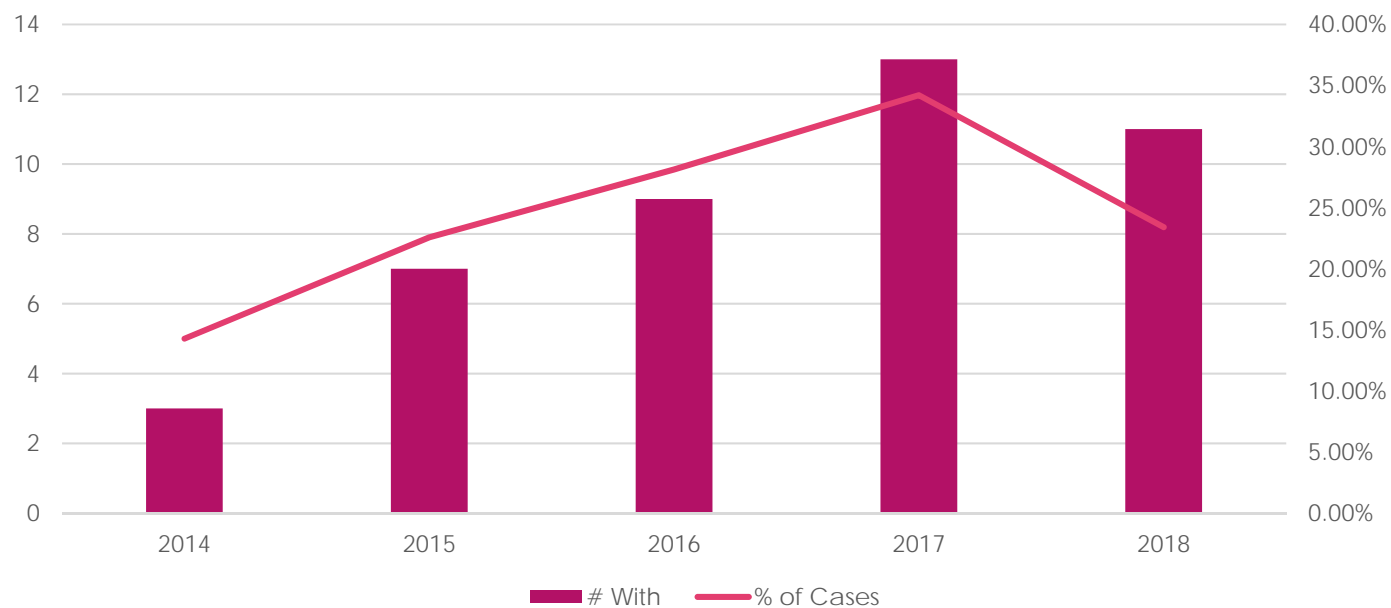
Year	2014	2015	2016	2017	2018
# With	10	15	15	17	16
% Cases With	47.62%	48.39%	46.88%	44.74%	34.04%
Avg Monthly	\$990.00	\$1,232.21	\$1,281.89	\$1,049.63	\$1,712.92

Avg Monthly Net



Cases with Disability Income

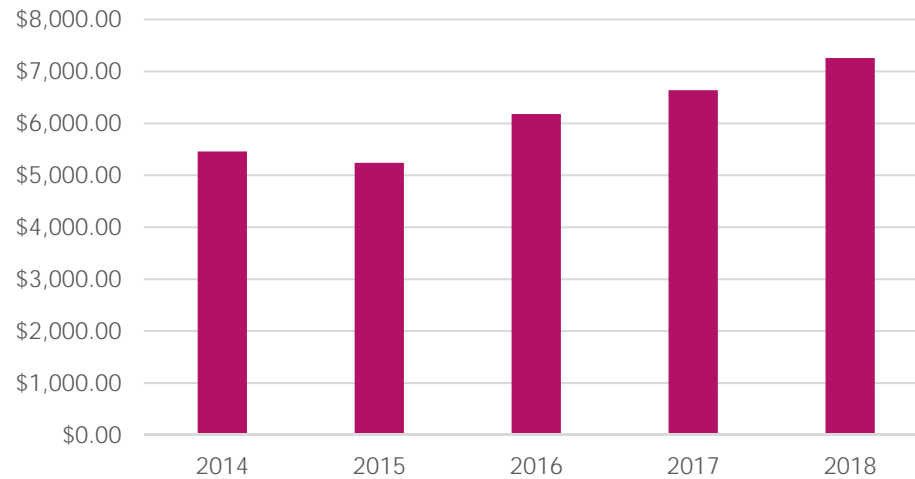
Year	2014	2015	2016	2017	2018
# With	3	7	9	13	11
% Cases With	14.29%	22.58%	28.13%	34.21%	23.40%
Avg Monthly	\$906.00	\$583.55	\$1,054.56	\$1,041.65	\$802.37



Value of Client's Assets at Filing

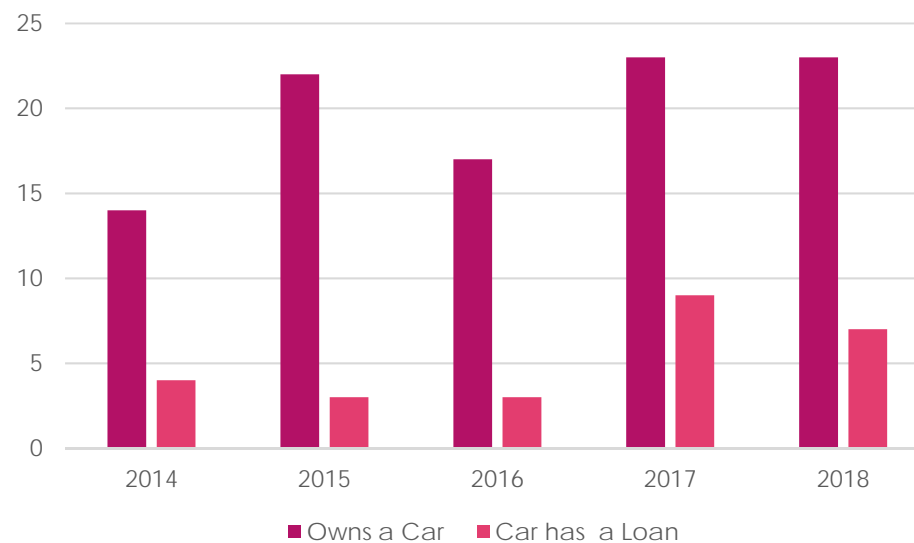
Year	2014	2015	2016	2017	2018
Average Total Value	\$5,458.37	\$5,238.70	\$6,179.51	\$6,636.90	\$7,257.08

Total Value

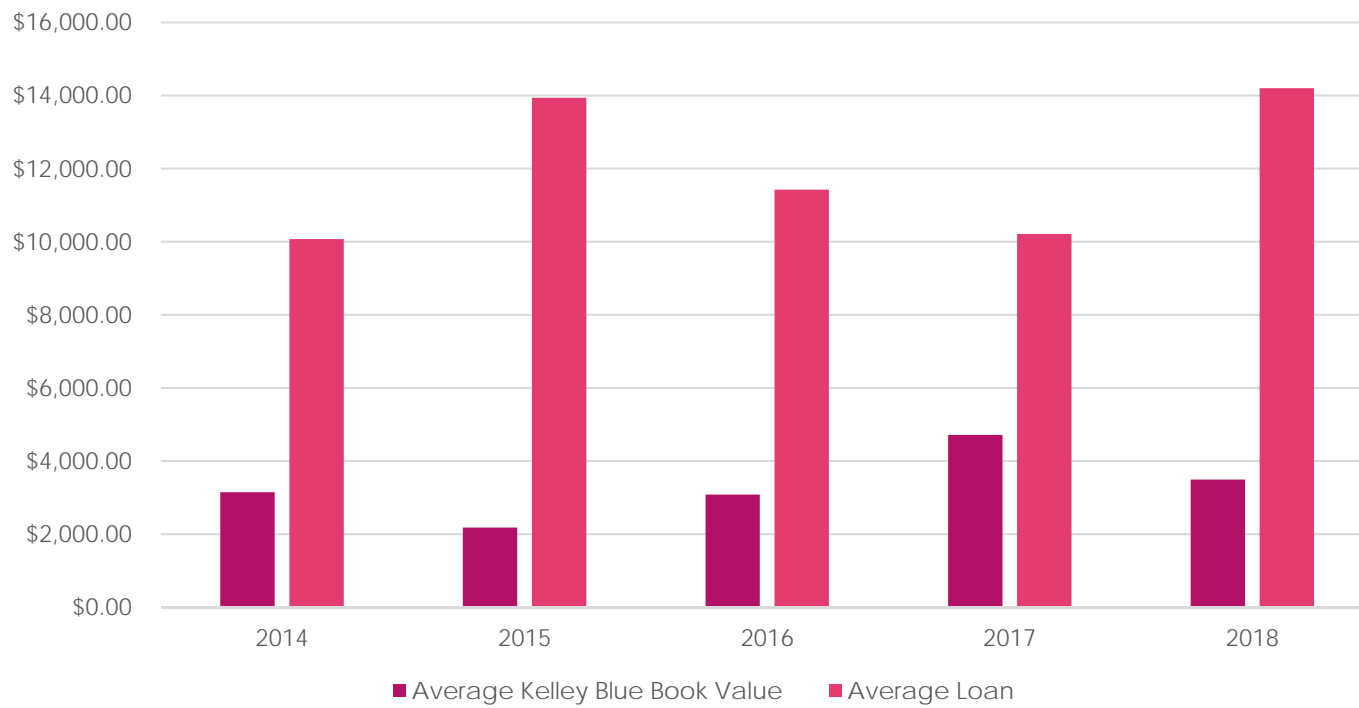


Clients with Vehicles

Year	2014	2015	2016	2017	2018
Owns a Car	14	22	17	23	23
Average Kelley Blue Book Value	\$3,147.47	\$2,179.36	\$3,079.67	\$4,715.95	\$3,491.17
Car has a Loan	4	3	3	9	7
Average Loan	\$10,071.18	\$13,936.64	\$11,425.39	\$10,209.43	\$14,199.99



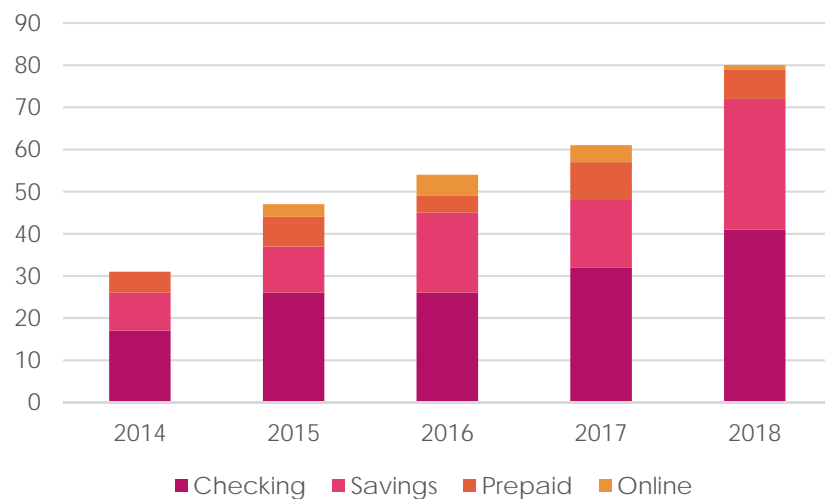
Clients with Vehicles



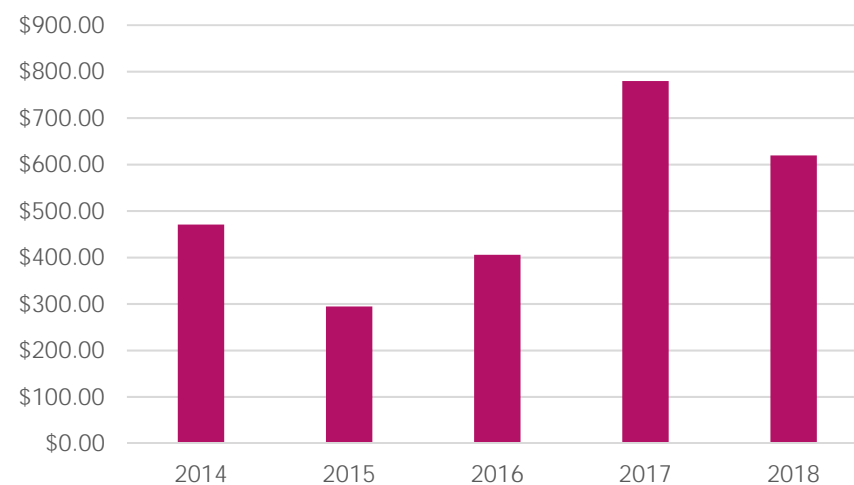
Deposit Accounts

Year	2014	2015	2016	2017	2018
Checking	17	26	26	32	41
Savings	9	11	19	16	31
Prepaid	5	7	4	9	7
Online	0	0	5	4	1

Deposit Accounts

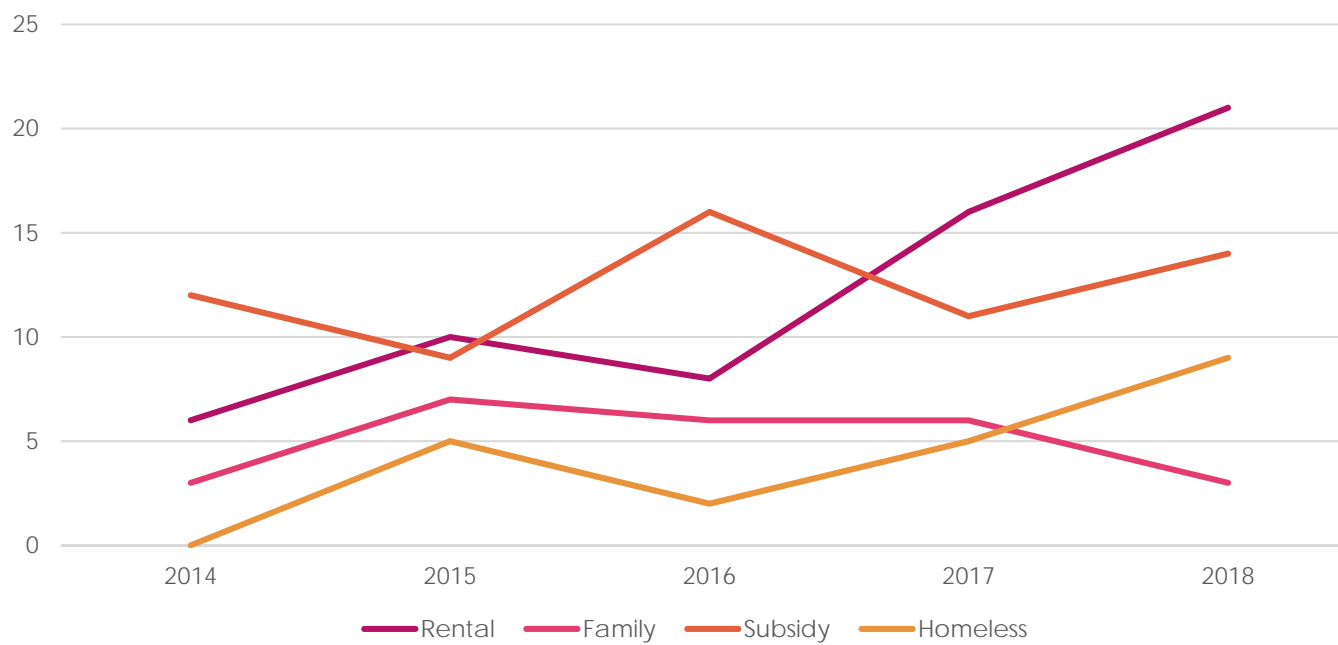


Average Deposit Balance

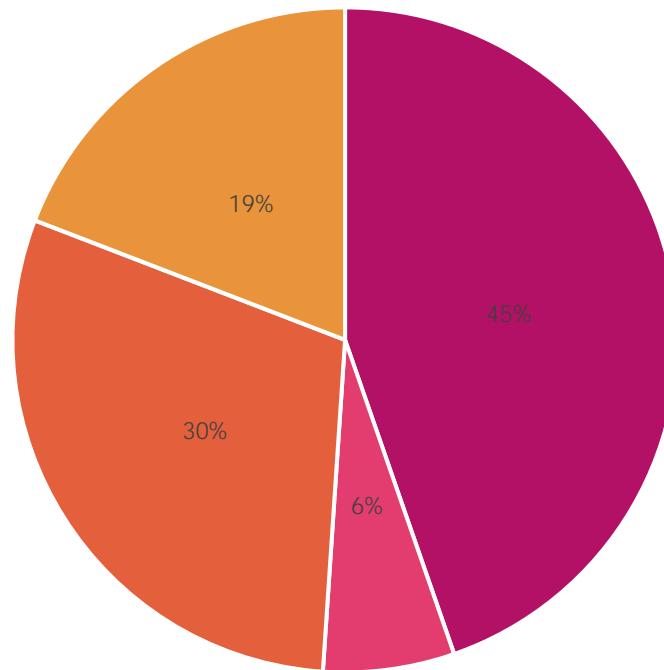


Housing

Year	2014	2015	2016	2017	2018
Rental	6	10	8	16	21
Family	3	7	6	6	3
Subsidy	12	9	16	11	14
Homeless	0	5	2	5	9



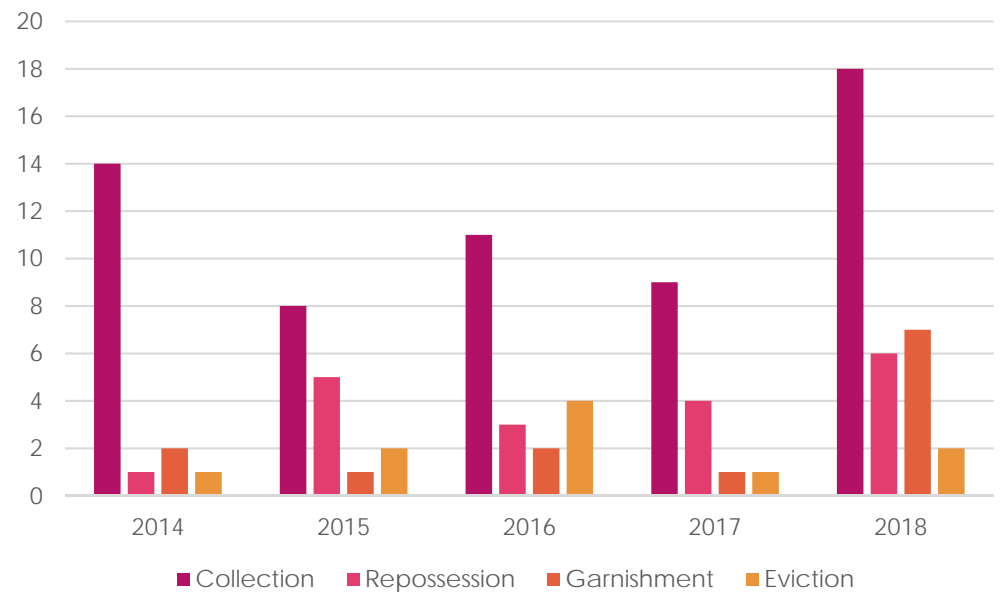
2018 Housing



■ Rental ■ Family ■ Subsidy ■ Homeless

Legal Actions Against Clients within year prior to filing

	2014	2015	2016	2017	2018
Collection	14	8	11	9	18
Repossession	1	5	3	4	6
Garnishment	2	1	2	1	7
Eviction	1	2	4	1	2

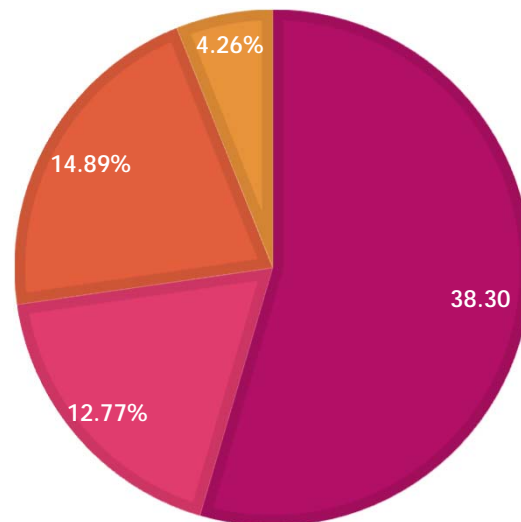


Legal Actions Against Clients within year prior to filing

A bankruptcy filing stops any action to collect a debt, including legal actions. This includes collection lawsuits, & wage garnishments. Below shows the percentage of cases with actions in 2018.

2018 LEGAL ACTIONS

■ Collection ■ Repossession ■ Garnishment ■ Eviction



American Bankruptcy Institute 40 Under 40 Honoree



Our Managing Attorney Maegan Hurley was included in the 2018 class of 40 Under 40 Honorees for her work with the Mass. Debt Relief Foundation. Attorney Hurley received her award on December 7, 2018 in the Princess Ballroom At the Fairmont Hotel in Scottsdale, Arizona.

American Bankruptcy Institute 40 Under 40 Honoree

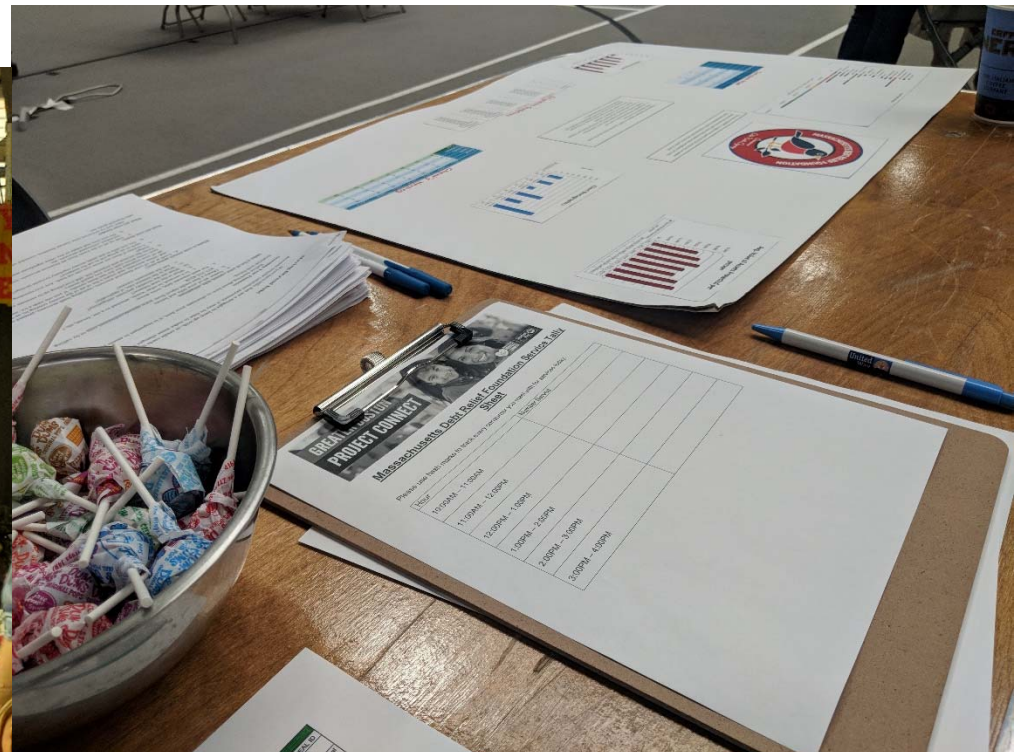
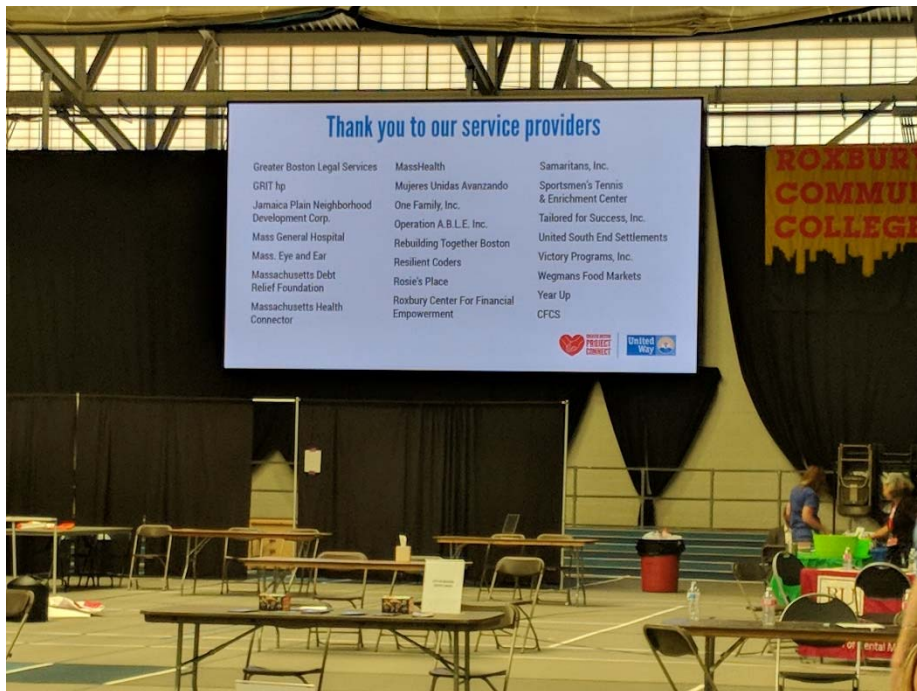


American Bankruptcy Institute 40 Under 40 Honoree



Project Connect – July 20, 2018

We were honored to be included in the Greater Boston Project Connect event, held on July 20, 2018 at the Reggie Lewis Center in Boston. At the event Attorney Richard Ravosa, Attorney Maegan Hurley, and our development coordinator Jessica Podkalicki met with members of the community and other service providers. We spread the word about how we can help families throughout the State and provided on the spot advice.



Project Connect – July 20, 2018

