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**CONTACT:**

John Sellek, Harbor Strategic Public Affairs

[Harbor@harborstrategic.com](mailto:Harbor@harborstrategic.com)

517-348-5152

## **MCBA Announces Plan to Improve Consumer Debt Process in Michigan's Judicial System**

The Michigan Supreme Court can help consumers navigate debt collection lawsuits, avoid default judgments, and reduce court caseloads by implementing technology and facilitating better consumer communication

LANSING, MICH – The Michigan Creditors Bar Association (MCBA) today urged the Michigan Supreme Court, through the State Court Administrative Office (SCAO), to take immediate action to help Michigan families avoid default judgments and garnishments, reduce local caseloads, and protect our credit-based economy under its Protect Michigan's Families & Economy plan.

MCBA is an association of law firms representing creditors, including small businesses, credit unions, banks, and health providers. It supports efforts to educate consumers on navigating debt collection litigation and communicating with creditors and their counsel.

In the fall of 2022, the Michigan Justice for All Commission (JFA) issued a report indicating the need to manage the State of Michigan's volume of debt collection cases and address challenges that unrepresented consumers face during the consumer debt process.

The JFA Commission was funded and staffed in large part by The Pew Charitable Trusts, which is not a neutral party on debt collection issues. Pew is now using its massive wealth to hire multiple lobbyists and multi-client lobbyist firms in Lansing to push an agenda that appears to be an attempt to disqualify legitimate consumer debts, essentially ignoring reforms the courts can implement today to help families avoid default judgments and ease caseload management.

Instead, Pew is apparently pursuing legislation which will prevent legitimate debts from being repaid to small businesses, credit unions, healthcare providers and other creditors by limiting garnishments when assets are available to repay debt, even when the consumer chooses to not communicate and participate in the legal debt collection process.

MCBA legal professionals feel this reform effort should instead focus on court reforms which better manage court dockets, encourage communication between litigants, and help families arrange repayment plans instead of ending up with default judgments and garnishments.

It cannot be lost in this debate that debt collection and repayment is a necessary process in our credit-based economy. It preserves and maintains access to consumer credit for all citizens.

Unfortunately, communication often breaks down during debt collection lawsuits because consumers do not communicate or arrange a payment plan, resulting in default judgments. Communication between consumers and creditors, and their attorneys, is key to debt resolution.

We can help families today if the Michigan Supreme Court enacts MCBA's eight step plan:

1. Ease the court caseload crunch by implementing a statewide e-filing system to ease processing pressures in district courts and simplify the process for unrepresented consumers. About \$50 million has been collected for e-filing but 90% of courts don't have it.
2. Reduce default judgments by continuing to promote and maximize remote "Zoom" hearings for consumer debt cases, which makes it easier for families to participate and find a manageable resolution that does not result in a default judgment.
3. Educate families with a one-stop website that teaches consumers about debt collection lawsuits and how to avoid default judgments and garnishments by encouraging them to communicate with creditors and their attorneys. A link to this website must be included on summonses, notices of hearings, and default judgments.
4. Empower consumers with a "Notice of Rights" delivered with the court summons and default judgments and include a link on every court document delivered to a consumer defendant.
5. Encourage consumers to communicate by requiring courts to mail court notices to consumers. Using the court's name will increase consumer awareness and communication with debt collection lawyers on hearing dates and judgment enforcement consequences.
6. Implement MCBA's service of process standards to ensure consumers are properly served with debt collection summons and complaints.
7. Work with MCBA to implement information standards for consumer lawsuits to clarify debt ownership, liability and the amount due.
8. Extend summons life to 182 days to facilitate service of lawsuits and avoid unnecessary motions, court costs and work for court clerks.

"With these reforms, the Michigan Supreme Court can help citizens know their options and encourage consumers to engage with creditors through improved communication, so they can take charge of their financial situation, avoid default judgments and garnishments, and get on a better financial footing." **Brian Truba, MCBA Government Affairs Officer.**

"Michigan needs e-filing to reduce the administrative pressures, simplify the legal process for consumers and facilitate communication with the court and creditor's attorney. The SCAO has collected \$50 million in fees since the legislature approved e-filing in 2016, yet it is not available in about 90% of state courts." **Michael H.R. Buckles, MCBA Government Affairs Officer.**

"Consumers need to know that debt collection law firms provide helpful staff to answer questions regarding debt resolution and payment plans. Default judgements can be avoided simply by communicating more." **Jason Sims, Vice-President of MCBA.**

**Learn More:** Visit MCBA's website today at [MichiganCreditorsBar.com](http://MichiganCreditorsBar.com).