

I would like to direct my remarks and speak in opposition specifically to Senate Bill No. 2592. In my poor judgment the bill would not accomplish the desired protection for the greatest number of home owners; especially those who are victimized and are systematically paying through the nose the exorbitant discount rates being exacted by the money changers.

The twenty-five years of experience in specialized real estate practice in the District of Columbia qualified me to speak with some authority on the subject matter. Personally, I have been named trustee in over ten thousand recorded deeds of trusts conveying property in the District of Columbia. These security instruments all being secondary financing with which your committee has a greater specific degree of interest.

In today's market place we find that the discount rate on secondary paper on a bona fide sale, discounts at 4% a year. The average second trust is usually repayable at \$10.00 per thousand which normally would retire the obligation together with direct reduction of interest at the rate of 6% in eleven years. The normal discount rate would then be 44%. If there is little, or no equity, in the purchaser, the discount rate may go as high as 90%.

It is wrong to assume that the home owner whose property is being presently sold under foreclosure proceedings in the District of Columbia has no protection. Any home owner who feels he is being aggrieved may seek legal advice and legal services to better protect his interests. This may even be afforded through the Bar sponsored legal aid, if such party is indigent.

There is now sufficient and ample protection available to such purportedly aggrieved home owner through Court proceedings in equity by injunctive relief.

The United States Court of Appeals for the District of Columbia, as well as the Court of Appeals of the State of Maryland, have consistently held that a trustee acting under a security instrument not only represents the note holder, but such trustee acts in an equally bounden fiduciary capacity of the home owner. Such trustee is charged with the highest degree of care and fidelity; and he is personally responsible for any acts he commits in violation of such delegated trusts.

There is no direct relationship between the number of security instruments filed of record for any given year and the number of foreclosure deeds recorded that same year. The number of security instruments are more or less controlled indirectly by the liquidity of the money market. The number of foreclosures are controlled indirectly by the general economic conditions.

Averages over a long period of time do have some significance however, and in the District of Columbia deserve some scrutiny.

Year	Trusts recorded	Foreclosure deeds recorded
1956.....	12,816	874
1957.....	10,669	755
1958.....	12,122	866
1959.....	13,211	652
1960.....	11,953	539
1961.....	13,769	541
1962.....	12,593	434
1963.....	12,896	300
1964.....	13,628	274
1965.....	13,839	223
1966.....	10,633	265

The above figures were furnished by the Washington Board of Realtors, Inc., who compile these statistics on a day-to-day basis.

In Maryland for instance, we have legislation augmented by prescribed Court rules that provide in effect that all foreclosure sales to be valid must be ratified by the Court. This has been from time immemorial.

The pro forma ex parte foreclosure proceedings in Maryland do not in any way differ in result than those foreclosure proceedings now in effect in the District of Columbia—with perhaps one exception, i.e., to double or triple the costs of such proceedings.

Let us for the moment outline the procedure under the Maryland practice:

1. The note holder delivers the note to this attorney.
2. The attorney prepares an advertisement and sets the date of sale and causes advertisement to be made.