

Moreover, the present bill will affect all mortgages and deeds of trust, and all borrowers and lenders will be subjected to the conditions described above.

In this connection and as a practical matter, in making a mortgage loan the lender considers not only the credit of the borrower but the security offered for the loan. If the security is less available because of a more restricted foreclosure procedure, the lender takes this into account in determining if the loan is to be made and the loan terms to be offered. Thus, a court foreclosure procedure may restrict the flow of mortgage money. This, I am sure, we all want to avoid.

As stated, it is our feeling that any bill to provide for consumer protection in this area of foreclosure of deeds of trust and mortgages should be simple, to the point, easily understood, and easily applied.

On this premise, it is our proposal that if the subcommittee deems it necessary to approve a bill for the amendment of the District of Columbia Code relating to foreclosure of deeds of trust and mortgages that the bill approved be in the nature of a "notice provision" bill.

We have attached to this statement a proposed bill for amendment to the District of Columbia Code. This bill, if enacted, would require that, prior to foreclosure of any deed of trust or mortgage in the District of Columbia, at least 30 days' written notice prior to the date of the foreclosure sale be given to the owner of the property and to the Commissioner of the District of Columbia.

We feel certain that the members of the subcommittee will recognize the value of the notice to the Commissioner requirement. This notice will give the Commissioner or his agent an opportunity to consult with the borrower and counsel him as to the impending foreclosure sale, even including a suggestion that the borrower seek legal aid should it become apparent that the foreclosure results from a transaction in which the borrower has been victimized.

Moreover, we feel that the mortgage lender, being aware of the Commissioner's interest in the foreclosure, will cooperate with the Commissioner or his agent to the full extent necessary to show that the loan being foreclosed is not "tainted" with the abuses referred to by Senator Tydings. Certainly, this is the position of the companies on whose behalf I speak today.

We realize the representatives of other organizations and associations involved in mortgage lending in the District of Columbia may have suggestions or viewpoints with respect to S. 2592 which differ from these expressed in this statement and as indicated in the bill proposed by us, which is attached. I can tell you that representatives of the five domestic life insurance companies will be pleased to work with these representatives and representatives of the staff of your subcommittee, subsequent to this hearing, in the presentation and explanation of the viewpoints of the domestic life insurance companies on the bill we have suggested.

Thank you.

Senator TYDINGS. These companies that you represent, do they deal in the—

Mr. HANNA. I am the assistant counsel of Acacia Mutual Life Insurance Co.