

**Testimony to the Committee on Business, Consumer, and Regulatory Affairs Concerning
the Confirmation of Mr. Stephen Taylor as the
Commissioner for the Department of Insurance, Securities, and Banking**

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On behalf of the Legal Aid Society of the District of Columbia,¹ D.C.'s oldest and largest general civil legal services program, and along with Legal Counsel for the Elderly,² I testify in support of the confirmation of Stephen Taylor to serve as Commissioner of the Department of Insurance, Securities, and Banking (DISB).

Legal Aid and Legal Counsel for the Elderly have a long history of collaborating with DISB on behalf of District homeowners, and we are looking forward to continuing our relationship under the leadership of Mr. Taylor.

Since 2011, our organizations have been working together on the implementation of the Saving D.C. Homes from Foreclosure Act, legislation passed by this Council to preserve homeownership and avoid foreclosures where alternatives, such as loan modifications are feasible and in the best interest of the lender, the borrower, and our community. The law requires a lender to prove that it is the entity with authority to initiate a foreclosure and to review homeowners for loan modifications in good faith. In stakeholder meetings organized by DISB, our organizations worked together to develop regulations and forms to implement the foreclosure mediation program consistent with this Council's legislative intent.

Recently, there has been a significant shift in the way foreclosures are occurring in the District, and DISB has been adept in responding to those changes. Historically, foreclosures in D.C. took place outside the court system – they were non-judicial foreclosures conducted pursuant to the power of sale clause in a deed of trust, hence the need for the protections

¹ The Legal Aid Society was formed in 1932 to “provide legal aid and counsel to indigent persons in civil law matters and to encourage measures by which the law may better protect and serve their needs.” Over the last eight decades, tens of thousands of the District's neediest residents have been served by Legal Aid staff and volunteers. Legal Aid's current practice areas include family, housing, consumer, and public benefits law.

² Legal Counsel for the Elderly (LCE) is a non-profit provider of legal services to older District of Columbia residents and is an affiliate of AARP. Founded in 1975, Legal Counsel for the Elderly is a champion of the dignity and rights of the District of Columbia's low-income elderly, helping our city's vulnerable seniors resolve problems concerning their basic legal needs each and every day. For more than forty years LCE has been advocating on behalf of homeowners, helping clients who are facing foreclosure or who risk loss of their homes as the result of predatory lending, foreclosure rescue scams, and other real property fraud or equity-stripping schemes.

included in the Saving D.C. Homes from Foreclosure Act. Since 2013, however, many lenders have been choosing to file complaints in D.C. Superior Court seeking foreclosure. DISB's input was instrumental in setting up the early mediation court process that now exists for handling these judicial foreclosure cases. This new court process takes into account and protects the same public policy interests behind the Saving D.C. Homes from Foreclosure Act.

Not only has there been a shift in the way that foreclosures are being carried out, but there has also been a significant change in the volume of foreclosure cases. In 2012, there were only 22 judicial foreclosure cases filed. In 2013, there were a couple hundred. By 2015, that number had grown to over 1,000. Today, there are approximately 2,000 cases pending, with almost 100 new cases being filed each week.

During this surge in foreclosure activity, DISB has continued to play a role in preventing avoidable foreclosures by administering funding from the National Mortgage Settlement. The funding provides critical housing counseling services and legal services to distressed homeowners and has helped many homeowners save their homes through loan modifications and other alternatives to foreclosure. However, the duration and amount of that funding is limited.

Legal Aid and Legal Counsel for the Elderly are the only legal services organizations providing free representation to low-income homeowners facing foreclosure. This means that there are currently only two legal services attorneys available to represent low-income homeowners under the age of 60 and only three additional attorneys available to represent low-income, senior homeowners facing foreclosure. Given the dramatic increase in foreclosure activity in the District and the limited resources available to homeowners, DISB will continue to play a critical role in maintaining oversight over the industry, and it will be more important than ever for our organizations to continue collaborating on behalf of homeowners.

We are looking forward to continuing to work closely with DISB and Mr. Taylor to protect homeowner rights.