

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer

**DATE:** April 30, 2002

**SUBJECT:** Fiscal Impact Statement: "Omnibus Regulatory Reform  
Amendment Act of 1998 Amendment Act of 2002"

**REFERENCE:** Draft Legislation as Introduced - No Bill Number Available

---

**Conclusion**

Funds are sufficient in the FY 2002 budget and the FY 2003 through FY 2006 budget and financial plan to implement the proposed legislation. The provisions of the proposed legislation would amend current law to provide that the automatic release of a deed of trust lien, promissory note or other security deed of trust lien would not apply to trusts, notes or liens held by the government of the District of Columbia. The proposed legislation would have no impact of the local General Fund.

**Background**

Currently D.C. Code § 42-818.02(b)(1) provides that if a deed of trust securing a loan is not released within 12 years after the loan has matured and if no action is taken toward a foreclosure the deed of trust lien is automatically released and the loan or note is automatically presumed to have been paid in full. A creditor must file for foreclosure within twelve years of the date of the last posted payment or lose rights to collect on the loan. If a loan secured by a promissory note that is due and payable and the person with the loan or mortgage (debtor) does not pay, the lender must file for foreclosure no later than twelve years from the last posted payment.

The current law applies to the government of the District of Columbia as well as to lenders in the private sector. The purpose of this amendment is to exempt the District from the statute, so that the District does not automatically lose the right to collect on loans by the passage of time. Enactment of the proposed legislation would preserve the

District's right to collect on loans that have been in default for an extended period of time (12 years or more). The District will not incur a cost or liability, but rather, retain a right to collect debts from others.

### **Financial Plan Impact**

Funds are sufficient in the FY 2002 budget and the FY 2003 through FY 2006 budget and financial plan to implement the proposed legislation. The provisions of the proposed legislation would have no impact on the District's local General Fund.