



Legal Aid Foundation of Los Angeles

**Testimony to the United States House of Representatives
Committee on Financial Services**

March 28, 2009

**Christian Abasto, Managing Attorney
Housing and Eviction Defense Units**

**Statement Regarding the Housing Crisis in Los Angeles and the
Responses to Preventing Foreclosures and Foreclosure Rescue Fraud**



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Chairwoman Waters and Members of the Subcommittee on Housing and Community Opportunity, thank you for the invitation to testify regarding the housing crisis in Los Angeles County, and our responses to preventing foreclosures and foreclosure rescue fraud. My name is Christian Abasto and I am the Managing Attorney of the Housing and Eviction Defense Units at the Legal Aid Foundation of Los Angeles. We are one of the largest, frontline law firms for poor and low-income people in Los Angeles County. For 80 years, our attorneys have been providing critical legal services in some of the most vulnerable communities, which include South Los Angeles. LAFLA is the first place that thousands of individuals and families turn to when faced with a crisis that threatens their shelter, job security, health and well being or livelihood.

As Managing Attorney, I have been practicing housing law in Los Angeles for over 10 years. Joining me is William Flanagan, an attorney in our Consumer Law Unit, which handles home foreclosures. Bill joined our team a year ago. For almost 20 years he has been working to prevent foreclosures and predatory lending scams. Together we have been involved in saving the homes of hundreds of low-income, elderly and disabled clients who have been the victims of predatory lending practices and foreclosure scams. We are also working to educate housing clients, who have been evicted from their apartments due to foreclosures. With us today is one of our clients, Mr. Robert Jones, a 74-year-old, homeowner who lives in the South Los Angeles community.

I will focus my remarks today on the rise of foreclosures in poor communities, the type of scams we have encountered; the long-term effect to vulnerable communities; what happens to renters in a foreclosure crisis; and what LAFLA is doing to help homeowners and renters, and to educate the public about this issue.

Foreclosure scams are targeting vulnerable homeowners and renters desperate for affordable housing. The reason this is important is community-based research shows that between 30 and 40 percent of homeless people in Los Angeles have been evicted, with evictions often lead directly to homelessness. In addition, these foreclosures and evictions are causing blight and destroying the fabric of our communities because they leave entire neighborhoods empty.

Foreclosure Crisis Identified as Critical Issue for Our Clients

LAFLA's Consumer, Housing, and Eviction Defense Units have identified the foreclosure crisis as the single most important number that threatens the security of our clients.

In 2008, the Consumer Unit handled approximately 786 foreclosure, homeownership fraud and predatory lending calls, and provided legal assistance to 373 home owners at risk of losing their homes.

Recognizing the incredible unmet need for direct legal services in this area, our Consumer Unit restructured its intake process to prioritize the foreclosure crisis. In 2009, as of mid-March, LAFLA has already received 760 calls—providing counsel and advice to most of these calls; and retained for direct legal services 38 home owners, 22 of those are from the South Los Angeles.

Foreclosure “rescue scams” have hit Los Angeles. The scammers actively victimize homeowners made vulnerable by the current economic crisis by trolling through free, publicly available databases where they find the names and addresses of people who have received default notices. They then contact the homeowners and make them false promises to save their homes. These scammers also lure homeowners into contacting them by advertising their “foreclosure prevention services” in the local print, television and, radio media. With all the coverage of President Obama’s recently announced loan modification program, homeowners are more hopeful than ever that they can save their houses. The scammers manipulate this hope to lure the vulnerable homeowners into the rescue scam by making elaborate promises to contact lenders and to negotiate loan modifications for the homeowners that they promise will save them from foreclosure. The victims desperate for help believe the scammers because they are advertising in trusted media outlets used by the scammers. Unknowingly, they fall victim to a fraud that will cost them their homes and life savings. The scammers charge the homeowners upfront fees of between \$1,500 and \$2,500. Once the scammers get the money, they disappear. They do nothing for the homeowner, rob them of their last dollars, and leave them in a more precarious situation than they were originally in.

LAFLA partners with Los Angeles Neighborhood Housing Service and pro bono attorneys to provide loan document review and legal advice about realistic options to foreclosure. LAFLA also regularly participates in community fairs where financially distressed families can go to discuss their cases with a HUD certified counselors and attorneys like those from LAFLA. While on-going community education about this scam and the availability of free HUD-approved loan counseling services can help desperate homeowners to avoid being defrauded, having well trained poverty law lawyers working in the affected communities, as does LAFLA, has the greater overall effect.

Expansion of Foreclosure Work

The Consumer Unit has significantly expanded its representation of low-income homeowners victimized by scammers and threatened by foreclosure. The Housing Unit has worked with the City of Los Angeles, the State of California, and tenant organizers to develop novel tenant foreclosure protection laws and, is developing complex litigation strategies against entities that use the foreclosure process to abuse tenants and violate the law. The Housing and Eviction Defense Units have prioritized the legal representation of tenants in rent controlled units victimized by foreclosing entities that do not obey the law.

While LAFLA is doing its best to meet the need with its limited resources, there are many thousands of homeowners and tenants who we cannot help. Investing in legal representation of tenants and homeowners is a cost-effective method of battling the foreclosure crisis. Nothing levels the playing field against the unscrupulous lenders and scam artists like a good lawyer.

LAFLA is at the Forefront of the Fight Against the Foreclosure Crisis

LAFLA’s consumer attorneys are actively litigating, in state and federal court, complex predatory lending and elder financial abuse cases. We are the only legal services provider in Los Angeles who is

using the Bankruptcy courts to stop foreclosures. By filing an adversary proceeding in a bankruptcy case, LAFLA can bring in claims of Truth-in-Lending violations, forgery, fraud, and other claims, that if successful, can greatly reduce, if not eliminate, the amount that our clients owe on the outstanding mortgage debt. Using this strategy, we are currently working to save the homes for two elderly South Los Angeles residents who are at risk of losing their most valuable asset. In addition to litigation, LAFLA convened legal, community-based and, local government organizations to provide a more cohesive approach to addressing foreclosures in greater Los Angeles.

Recently, we developed and honed our message to the media about the depth and breadth of the foreclosure crisis as we see it. Our attorneys and advocates completed a video training program on foreclosure litigation that will allow attorneys who work in small programs, with little or no training budget, to learn about substantive foreclosure and litigation strategies. LAFLA is also an active partner and leader in the California Reinvestment Coalition Network, a statewide group of consumer advocates addressing banking, mortgage and, affordable housing issues. We are the recognized experts in this area of litigation. We continue to provide training and mentoring support to other Los Angeles area legal service providers, including NLS, Los Angeles Center for Law and Justice, Public Counsel, and the Asian Pacific American Law Center.

Protecting Vulnerable Tenants from Illegal Evictions

In 2008, the Housing and Eviction Defense Units counseled 7048 persons about their housing problems. Approximately 10 percent of those persons had foreclosure problems. We prepared legal documents for 1,946 tenants facing eviction. We represented 428 families in unlawful detainers trials, Section 8 administrative hearings, and affirmative lawsuits. Our legal representation resulted in over \$1.4 million in monetary compensation for our clients and the preservation of 222 rental units.

LAFLA's presence in the community allowed us to quickly recognize that tenants in rent-controlled units were also victims of the foreclosure crisis, and we moved to prioritize legal representation for these tenants. While tenants in non-rent controlled units only have the right to a 30 or 60 day notice before they have to move out or are evicted, tenants in rent controlled units cannot be evicted without good cause. Some financial institutions, their real estate agents, and their attorneys, attempt to coerce tenants in rent controlled units into leaving their units by serving them illegal notices, refusing to accept their rent, causing the interruption of utilities, and filing improper unlawful detainers. LAFLA represents the victims of these coercive tactics to ensure that the financial institutions and their agents follow the law.

LAFLA's Housing and Eviction Defense Units has worked with the City of Los Angeles, the State of California, and tenant organizers to develop novel tenant foreclosure protection laws, and is developing complex litigation strategies against entities that use the foreclosure process to abuse tenants and violate the law. The City of Los Angeles recently passed the Foreclosure Eviction Ordinance that extended rent control just-cause eviction protections to all rentals, including single family dwellings where ownership was acquired through the foreclosure process. We are also currently working with ACORN on a statewide tenant foreclosure protection bill that would prevent owners that acquired a property through the foreclosure process from evicting the tenants of the property without good cause for one year.

Protection of Section 8 Families from Unwarranted Eviction

The Section 8 Housing Choice Voucher Program makes rental housing affordable for approximately 40,000 low income families in the City of Los Angeles. Over the past few years, however, many local landlords have specially targeted these Section 8 families for eviction in violation of the tenancy protection provisions of local law. These landlords argue that the federal statutory requirement and regulatory definition of "other good cause" for termination of a Section 8 voucher tenancy conflict with and therefore preempt the more extensive protections Los Angeles provides against tenancy terminations for all covered tenants, assisted and unassisted alike. These more extensive protections include a prohibition against tenancy termination and eviction based upon foreclosure or sale of the building.

The landlords' argument is contrary to Congressional intent when creating the current voucher program, and to longstanding HUD policy, to make Section 8 tenancies operate as much like unassisted tenancies as possible. While Congress imposed a federal "good cause" requirement to serve as a minimum nationwide floor of protection for Section 8 tenants, it never intended to deprive Section 8 families of any additional protections provided by generally applicable State and local law to their unassisted next door neighbors.

In the absence of an express statutory or regulatory statement preserving local eviction controls, however, Los Angeles landlords have served eviction notices that do not even purport to comply with local law, causing hundreds of Section 8 families who were unable or unwilling to fight in court to give up their long time homes, and embroiling more than 100 additional families in litigation, with some courts accepting the landlord's preemption argument and ordering evictions contrary to local law. Congress should eliminate this threat to tens of thousands of Section 8 families in Los Angeles (as well as in other jurisdictions such as San Francisco, Oakland, New York, New Jersey, the District of Columbia) by clarifying the Section 8 statute to expressly provide that voucher tenancy terminations must comply with State and local law. Indeed, given the importance of local law in protecting renters from losing their homes as a result of their landlords' financial difficulties, it is even more urgent that Congress do so promptly.

A second major problem arising in Los Angeles and nationwide concerns housing stability for thousands of tenants who received special "enhanced vouchers" when their owners withdrew from federal project-based subsidy programs. Although Congress has required that these tenants have a "right to remain" in their homes, some landlords now argue that their tenancies can be terminated because they no longer want to participate in the voucher program or want to seek a higher rent in circumvention of local rent controls (even though the special voucher pays the same rent available from an unassisted tenant). Congress must clarify that these tenants can only be evicted when they violate their lease terms.

Solutions to the Foreclosure Crisis

- Bankruptcy legislation to allow judges to modify loans to make them affordable so that homeowners can stay in their homes.
- Lenders and servicers still lack sufficient incentives to make realistic modifications of toxic home loans in the volume required to effectively address this nationwide crisis.
- Policy makers need to address the reality that this foreclosure crisis is in effect feeding the greater monster of the unaffordable housing crisis in the United States.

- In order to prevent neighborhood blight, a temporary moratorium on evictions by foreclosing entities who received bailout money requiring the entities to rent to the existing tenants or homeowner until they can find a buyer who can move into the property.
- Increase funding of legal representation for tenant and homeowner victims of foreclosure crisis. They don't stand a chance in our court system without a lawyer.

LAFLA Maintains a Physical Presence in the Communities We Serve

LAFLA's six community-based offices, four courthouse self-help centers, and three courthouse legal clinics give minority and disadvantaged community members reliable access to high quality legal services. In June 2009, LAFLA will open a new state of the art facility in the South Los Angeles community. In order to maintain our presence in the community during construction, we have been operating out of space in Bethel AME Church on Western Avenue. We are currently working with South Los Angeles community members to identify the needs that our new office will meet and, our South Los Angeles Client Council remains an important window into the area's needs. In addition, LAFLA has well-known homeowner and housing help lines that the community uses on a regular basis.

RESUME

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Education and Bar Admission:

St. Vincent de Paul Major Seminary
Boynton Beach, Florida
B.A.

Notre Dame School of Theology
New Orleans, Louisiana
M.Div. (Candidate)

University of Miami School of Law
Coral Gables, Florida
J.D.

Bar Admission:

California - Active
U.S. District Court-Central District of California

Work Experience:

Legal Services of Greater Miami
Miami, Florida
1974-1982
Positions: Staff Attorney, Manager of the Health and Income
Maintenance Unit, Manager of the Community Economic Development
Unit

Western Center on Law Poverty
Los Angeles, California
1982-1984
Position: Director of National and State Substantive Law Training

Margolis, McTeirnan, Scope & Epstein
Los Angeles, California
1984-1986
Position: Litigation Attorney

Santa Monica Rent Control Board
Santa Monica, California
1986-1988
Position: Staff Attorney

Bet Tzedek Legal Services
Los Angeles, California
1988-1999
Position: Director of Litigation

Duran & Flanagan
Los Angeles, California
1999-Present
Position: Partner

Other Experience:

National Trainer for AARP Training Program regarding Predatory
Lending Litigation
2001-Present

References:

Upon request

A. Christian Abasto

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Experience

Legal Aid Foundation of Los Angeles

Managing Attorney, Housing and Eviction Defense Units

Supervise eight attorneys and two paralegals. Develop long term strategies and priorities to maximize the impact of our work. Develop protocols to increase the efficiency of advocates and support staff. Supervise attorneys in complex litigation and policy advocacy. Participate in resource and funding development.

Los Angeles, California

May 2008- Present

Attorney, Housing Unit

May 2001- April 2008

Developed long term strategies that creatively use litigation, policy, and the media to resolve problems that have a broad impact on the low-income tenant community. Handled complex litigation in state and federal court on behalf of low-income clients on a wide variety of housing issues including rent control and Section 8. Advised and assisted government entities in the development and drafting of local and state policies and laws. Argued appeals and writs before the Court of Appeal and the Appellate Division of the Los Angeles Superior Court. Assisted tenants in asserting their rights against landlords and government entities, resulting in significant monetary settlements for the tenants and rehabilitation of slum buildings in the City of Los Angeles.

Attorney, Eviction Defense Unit

October 1997 - April 2001

Appeared in Superior Court weekly for trials and motions. Handled appeals from Superior Court decisions. Successfully handled high volume of cases. Conducted clinics and workshops concerning California habitability laws and the eviction process.

Education

University of California Davis, School of Law

Juris Doctor, 1997

University of California, San Diego

B.S. in Cognitive Science, 1993

Minor in Psychology

Languages

Fluent in Spanish.

Member of California Bar, November 1997

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EDUCATION

Loyola Law School, Los Angeles, CA
Juris Doctor **1999**
Honors: Dean's Service Award
President, Women's Law Association
Volunteer Coordinator, Domestic Violence Pro Bono Project

University of Southern California, Los Angeles, CA
B.S. Cum Laude in Public Policy and Management **1996**
Honors: Senior Honors Seminar, Dean's Letter of Merit Award

AWARDS

Award of Merit, National Center for Missing and Exploited Children **2007**

EXPERIENCE

Legal Aid Foundation of Los Angeles, Los Angeles, CA
Managing Attorney, West Office **May 2008 to Present**
Manage the legal work of the West Office, and specifically that of the Family Law and Consumer Units, Identify and implement significant impact projects, including litigation and policy advocacy, Perform lawyering duties, including interviewing, counseling and representing low income litigants in state and appellate litigation, Supervise attorneys, paralegals and volunteers, Participate in resource development for the office, including identifying and pursuing grants and other funding.

Directing Attorney, Family Law Unit **2006 to May 2008**
Direct Family Law Unit, Identify and implement significant impact projects, including litigation and policy advocacy, Perform lawyering duties, including interviewing, counseling and representing low income litigants in state and appellate litigation, Supervise attorneys, paralegals and volunteers, Participate in resource development for the unit, including identifying and pursuing grants and other funding.

Staff Attorney **2000 - 2006**
Provided legal services, including direct representation, to poor and low income litigants in family law and probate guardianship cases throughout Los Angeles County, Collaborated with community partners to provide education and services to government agencies and community members about domestic violence and family law, Recruited, trained and supervised law students.

RELATED EXPERIENCE

Harriett Buhai Center for Family Law, Los Angeles, CA
Contract Legal Services **1999 - 2000**
Researched and wrote proposals, Wrote and edited family law guide for domestic violence shelter workers, Assisted clinic clients to prepare family law pleadings, Assisted staff attorneys with legal research and writing tasks.

Jenesse Center, Inc., Los Angeles, CA
Temporary Legal Services Coordinator **1999**
Coordinated provision of legal services to domestic violence shelter clients with the Harriett Buhai Center for Family Law, Prepared and presented legal information workshops for shelter residents, staff and volunteers.

PUBLICATIONS

- *Protect Undocumented Immigrants from Abuse*, Los Angeles Daily Journal, Oct. 1, 2006, p.8, co-written with Sheila Neville
- *Contested Guardianship Cases*, Family Law News, Issue 1 2005, Vol. 27, No. 1, p. 13
- *Sneaking up on Immigration Swindlers*, Los Angeles Daily Journal, Dec. 18, 2003, p. 6, co-written with Julia Alanen.
- *Guardianship Slips*, Los Angeles Daily Journal, Oct. 1, 2002, p. 6, co-written with Jane S. Preece

LANGUAGES

- Spanish – speak fluently and read/write with proficiency


MEMBERSHIPS

- State Bar of California
- Los Angeles County Bar Association, Family Law Section and Animal Rights Section
- American Bar Association, Family Law Section
- Family Law Coalition, Chair
- Legal Aid Association of California/Administrative Office Of The Courts 2008 and 2009 Family Law Conference Planning Committee
- Los Angeles County Domestic Violence Council Systems Improvement Committee
- Los Angeles Superior Court Legal Referrals Committee
- Los Angeles Superior Court Committee on Minimum Standards for Self-Help Centers in Los Angeles County

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Committee on Financial Services

"TRUTH IN TESTIMONY" DISCLOSURE FORM

Clause 2(g) of rule XI of the Rules of the House of Representatives and the Rules of the Committee on Financial Services require the disclosure of the following information. A copy of this form should be attached to your written testimony.

1. Name: A. Christian Abasto	2. Organization or organizations you are representing: Legal Aid Foundation of Los Angeles
3. Business Address and telephone number: 1550 West 8th Street Los Angeles, CA 90017-4316 (213) 640-3826	
4. Have you received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2005 related to the subject on which you have been invited to testify? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	5. Have any of the organizations you are representing received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2005 related to the subject on which you have been invited to testify? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6. If you answered "yes" to either item 4 or 5, please list the source and amount of each grant or contract, and indicate whether the recipient of such grant was you or the organization(s) you are representing. You may list additional grants or contracts on additional sheets. Legal Services Corporation (Recipient) \$8,696,359.00	
7. Signature: 	

Please attach a copy of this form to your written testimony.