

MORTGAGE LENDING WORK GROUP

September 24, 2007

10:30 am-Noon

Meeting Summary

Cory Streisinger welcomed attendees and gave a brief statement regarding the purpose of the meeting. In addition to addressing short-term needs and risks, the group will also look at long-term needs.

Legislators present introduced themselves and gave a brief statement about their interests in discussing mortgage lending. The following concepts were mentioned: balancing homeownership with a reasonable ability for the consumer to repay the loan; stabilizing the mortgage lending market; protecting consumers and ensuring accurate disclosure; balancing the interests of the industry, investors, and consumers; educating consumers; regulating those who take advantage of consumers who find themselves in a difficult situation; concerns about affordability of adjusted rates; ensuring people keep their homes; looking at long-term needs.

Amy Cleary, group facilitator, introduced herself; group members and other attendees introduced themselves.

Amy Cleary went over ground rules for the group discussion and then introduced four possible goals for the group.

Goals:

Consumers are aware of their rights and responsibilities

A level playing field for mortgage lenders

Encourage positive lending practices

Help consumers facing foreclosure

Other Concepts Discussed:

Establish a baseline of data around Oregon mortgage lending, especially foreclosures. A sub-group will be formed to identify and gather data to present to the group, addressing the following:

- define (serious) delinquencies
- current data in Oregon
- predictive data on foreclosures in near future
- national data
- foreclosures year-to-date and year over year
- loan types – traditional, sub-prime
- sub-primes – which are investor owned?
- borrowers that are losing equity

Possible sources of data mentioned: national trade associations, OBA, NCUA, MBA; OLTA.

A sub-group will be formed to identify the regulatory framework information to present to the group.

- State regulated lenders
- Federal regulated lenders
- National lenders licensed in state
- types of lending
- market segments
- secondary market
- factors for origination

Other items discussed:

Identify the extent of the foreclosure and delinquency problem in Oregon.

Identify ways the industry is currently monitored.

Identify consequences of bad behavior.

Question whether additional legislation is needed – will the market self-adjust?

Look at emerging federal regulations.

Look at what other states are doing to address the problem.

Look at whether or not current state law is sufficient to regulate current and future problems.

Look at current enforcement tools on a state level, and current funding for enforcement.

Consider need for more education/counseling.

Look at possibility of regulating advertising of schemes that take advantage of consumers.

Look at the dedicated sales force that is leaving the mortgage lending industry because of market self-adjustments – possibly moving to credit repair businesses or reverse mortgages

Focus initially on short-term needs – address the needs of those in foreclosure or those at risk of foreclosure.

- Address possible scams such as foreclosure rescue businesses.
- Recognize potential upcoming harm to sub prime ARM borrowers as rates reset.
- Ensure access to counseling for consumers facing rate resets
- Identify loan alternatives for sub prime borrowers facing rate resets

A sub-group will be formed to begin formulating discussions on mortgage rescue businesses.

The next work group meeting will focus on mortgage rescue schemes.

The next meeting will be October 4, 2007 at 3:00 p.m.