

Theodore R. Kulongoski
Governor



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Checks mailed today for Oregon consumers involved in Household settlement

(Salem) Governor Ted Kulongoski today alerted Oregon consumers who were overcharged for home loans by Household International to check their mailboxes for refund checks related to a landmark settlement with the mortgage lender.

“Solid consumer protection and honest business practices are fundamental to the vitality of Oregon’s economy,” Governor Kulongoski said. “I want to commend the Division of Finance & Corporate Securities and the Oregon Department of Justice for their work on this settlement. They’re helping to make the holidays brighter for thousands of Oregonians.”

Cory Streisinger, director of the Department of Consumer & Business Services – the parent agency for the Division of Finance & Corporate Securities – said that settlement award checks were mailed today for almost all Oregon consumers who elected to participate in the Household International settlement.

Checks for consumers who filed Chapter 7 and Chapter 13 bankruptcy will be mailed in a few weeks, after the names and addresses of the bankruptcy trustees are obtained. These checks may be mailed directly to the bankruptcy trustees. The checks for consumers who originally had an MBNA mortgage loan that was later refinanced by Household will be mailed December 31, 2003.

A total of 8,530 Oregonians opted-in to receive refunds under the Household settlement. Collectively, they will receive restitution of over \$8.1 million. Restitution payments to Oregonians will range between \$50 and \$5,495. The average payment is \$956.

Household International entered into a consent judgment with attorneys general and banking regulators from 50 states and the District of Columbia on December 16, 2002. A lawsuit filed by the states alleged that Household International, Household Finance; Beneficial Mortgage and related companies misled consumers about their loan terms. Household will change its real estate lending practices and pay over \$484 million dollars to as many as 600,000 consumers nationwide.

Under the terms of the settlement, Oregonians who obtained real estate loans through Household or Beneficial between January 1999 and September 2002 were eligible to receive restitution.

In August 2003, letters were mailed to all consumers nationwide entitled to settlement payments advising them of their eligibility to participate. The letters included release forms for consumers to sign and return by October 14, 2003. By signing the release, consumers waived their rights to individually sue Household or Beneficial. Nearly 84 percent of eligible Oregon borrowers elected to participate in the settlement, compared to a national rate of 81 percent.

DFCS administrator Floyd Lanter noted that reforms the financial institution agreed to implement in its lending practices as part of the settlement include:

- ? Limiting its fees for making a loan to five percent of the loan amount
- ? Limiting the extent to which it can charge points or fees for refinancing a loan made the previous year
- ? Reforming and improving disclosures to consumers
- ? Ceasing to make more than one mortgage loan to a consumer within a 90-day period
- ? Ceasing the sale or finance of single premium credit insurance on real estate loans

Household customers with questions about the settlement can contact the Division of Finance & Corporate Securities at 503-378-4140.

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