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State mortgage reform group split on scope

Portland Business Journal - by [Andy Giegerich](#) Business Journal staff writer

Consumer representatives on the state's **Mortgage Lending Work Group** told Oregon Gov. Ted Kulongoski they're concerned that the group's reform proposals won't adequately protect home buyers.

Kulongoski formed the group to address issues related to the credit crunch.

In a letter to the Democratic governor, the consumer groups said lending industry lobbyists "have clearly subverted (Kulongoski's) request for a good-faith consensus approach, blocking exploration of basic consumer protections by continually questioning data sources which define the problem, evidence of workable solutions in place in other states and indeed the very premise that there is a problem to solve."

Representatives of the **American Association of Retired Persons Oregon Chapter**, the **Oregon State Public Interest Research Group** and Our Oregon didn't attend Wednesday's work group meeting.

Angela Martin, Our Oregon's director of economic fairness campaigns, said while the decision to skip the meeting didn't represent a formal boycott, it nonetheless illustrated their frustration with the group's progress.

"We have been clear all along that we cannot endorse a package of legislation that's solely focused on what happens to homeowners the day they lose their home and ignore what happens on the day they sign their loan papers," said Martin, who backs stronger state oversight of loan providers and originators.

The consumer groups want systems to ensure that borrowers receive the best possible terms for which they qualify, that underwritten loans are based on borrowers' ability to repay them and that the state

ban early repayment penalties.

The lending industry representatives within the group are "unilaterally dismissing the discussion of lending laws, and even the very premise that there's a need" for such laws, Martin said.

However, financial services industry reps say consumer groups rely too much on data from the Center for Responsible Lending, which industry groups say is both incomplete and overly pessimistic.

Steve Emory, president and senior loan officer of Beaverton-based **Pacific Sunset Mortgage Inc.**, said faulty consumer data is hurting the U.S. and Oregon economies.

"Yes, there are going to be more resets and foreclosures in the next six months, but it might get to 2 percent or 3 percent, not 20 percent" as the Center for Responsible Lending has projected, said Emory, who's an active work group participant.

The group next meets Dec. 12 in Salem.

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