



Oregon

Theodore R. Kulongoski, Governor

Department of Consumer and Business Services

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DCBS mortgage lending actions

As a result of the tremendous growth in the mortgage lending industry and an increase in consumer complaints, DCBS conducted a review of its mortgage lending program and held a public forum in 2006. The department identified many consumer and industry concerns that needed to be addressed, and, since then, has taken several steps to strengthen its regulation of the industry.

- **Increased educational requirements.** Under new rules that became effective in January 2007, loan originators are required to complete their entry-level education and proctored examination before they begin taking loan applications.
- **Better supervision of loan originators.** New rules, also effective in January 2007, better define the role of the licensee as the supervisor of registered loan originators in mortgage-lending offices.
- **Guidelines for nontraditional loans.** DCBS adopted guidelines for state-regulated mortgage lenders — based on federal guidelines — that outline best practices related to “payment option” and “interest only” adjustable rate mortgages.
- **Tougher examination for loan originators.** The department developed a new, tougher entry-level state examination for loan originators in May 2007.
- **Increased enforcement.** DCBS has fined mortgage lenders nearly \$185,000* since January 2007 for not complying with state regulations. Some of the cases involved fraud and dishonest behavior.
*As of September 2007
- **Ameriquest settlement.** DCBS worked with the Department of Justice on the Ameriquest predatory lending settlement. Approximately 2,489 Oregonians are eligible to share in an estimated \$1.5 million in restitution from Ameriquest Mortgage Company and its related companies.
- **Increased examinations.** DCBS hired 2 new examiners in December 2006, allowing it to start examining out-of-state licensees and increase the number of in-state examinations. The number of in-state examinations has doubled since last year.
- **Stopping appraisal pressure.** After receiving feedback that lenders were pressuring appraisals to appraise a house at a certain value, the department started an education/outreach effort to stop this unethical behavior.
- **Foreclosure outreach campaign.** DCBS developed a brochure and Web page (www.dfcs.oregon.gov/ml/foreclosure.html) with tips and resources to help consumers avoid foreclosure and started conducting presentations throughout the state.
- **Stricter advertising rules.** DCBS adopted new, stricter rules to prevent deceptive or misleading advertising by mortgage lenders. In the past year, the department has dedicated a staff person to review mortgage lending advertising and has sent warning letters to companies whose advertising does not comply with state and federal law.

- **Launched industry newsletter.** DCBS started publishing a newsletter to help educate lenders about laws and regulations.
- **Organized Governor's Mortgage Lending Work Group.** The group developed legislation (HB 3630 and SB 1064) that passed during the February 2008 session and is currently working on potential legislation for the 2009 session.
- **Helped develop additional foreclosure counseling resources and assistance.** DCBS helped facilitate two grants to local organizations to provide counseling and legal assistance for Oregonians facing foreclosure. Oregon Housing and Community Services received \$327,000 as part of the National Foreclosure Mitigation Counseling program to train and fund local nonprofits that provide foreclosure counseling. DCBS provided about \$85,000 (from the Ameritrust settlement) to OHCS for matching funds and additional resources. In addition, the Oregon Law Center will receive \$75,000 a year for three years to hire a staff attorney to do exclusively foreclosure relief work. DCBS also is partnering with SafeNet to offer help to consumers through SafeNet's toll-free number (1-800-SAFENET) and Web site (www.211info.org).