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State announces additional steps to help homeowners

*Oregonians facing foreclosure have more resources;
mortgage lenders must follow stricter advertising rules*

(Salem) — In the next step in its ongoing effort to address concerns about mortgage lending and the rising number of Oregonians facing foreclosure, the Department of Consumer and Business Services (DCBS) today announced a toll-free number, Web site, and upcoming clinic to help homeowners as well as new, stricter rules to prevent deceptive advertising.

Homeowners facing foreclosure can call 1-800-SAFENET or go to <http://www.211info.org/> to find a counselor who can help them understand their options and make the best decision. The 800 number and the Web site are maintained by SafeNet, which provides information to consumers about a wide variety of health and human services. SafeNet will match callers with a HUD-certified foreclosure counselor in their area. Homeowners can also search for a counselor on the Web site. The 800 number is available Monday through Friday from 8 a.m. to 5 p.m. Information about counselors and other resources is also available on the DCBS Web site at <http://www.dcbs.oregon.gov/>.

Homeowners also can attend a free “Mortgage Loan Clinic” Friday, May 16 in Salem. At the clinic, homeowners can meet one on one with DCBS mortgage lending examiners who can help them understand the details of their loan, and they can talk to foreclosure counselors about their options. The event will run from 9 a.m. to 4 p.m. in Conference Room 260 at the Labor and Industries Building, 350 Winter St. NE. DCBS is partnering with several nonprofit organizations to offer this assistance. Registration for the clinic is required. To schedule an appointment, go to http://www.dfcs.oregon.gov/loan_clinic.html or call 503-378-4140, or toll-free 866-378-4140.

“Many homeowners at risk of foreclosure do not understand the type of loan they are in and what their options are,” said Cory Streisinger, DCBS director. “We want to assist people during this stressful time and help them make the best decision for their financial future.”

In addition, the department has adopted new rules, effective May 7, that will help prevent misleading advertising aimed at inducing borrowers to refinance. The department has received many complaints from borrowers alleging that lenders advertise loans that do not exist in an attempt to bring in a customer and then sell them a different product – a practice known as “bait and switch.” DCBS also receives complaints about lenders that falsely claim to be affiliated with another organization, such as the borrower’s lender or government agency, to attract customers. For examples of deceptive advertising, please visit: http://egov.oregon.gov/DCBS/docs/5_08_ad_examples.pdf.

Under the new rules:

- Lenders must make prominent disclosures about the loan products they are advertising;
- Lenders are prohibited from making offers to help borrowers that they do not intend to provide;
- Lenders are not allowed to state in an advertisement that all or most borrowers will qualify for a loan unless they can demonstrate that it is true

- Lenders cannot use official-looking emblems or logos similar to that used by a government agency or envelopes that resemble an official government mailing.
- If lenders use the name or logo of a financial institution, they must state their own name as prominently as well as the fact that they are not affiliated with the institution.

To read the new rules in their entirety, please visit:

http://www.cbs.state.or.us/external/dfcs/rules_statutes/rulemaking/441_870_0080.pdf.

The department worked with an advisory committee with representatives from the lending industry and consumer groups on the new rules.

“These rules will help ensure that Oregon consumers receive clear and understandable loan information so they can make educated decisions,” said Todd Williams, principal of Evergreen Ohana Group and government affairs chair of the Oregon Association of Mortgage Professionals. “They also give the department more enforcement power, which will deter industry players from using deceptive tactics to lure Oregonians.”

The rules apply to any form of advertising of loan products, including in fliers, direct-mail pieces, newspapers, radio, television, the Internet, fax, and on signs, window displays, and billboards. DCBS can fine violators \$5,000 for each offense and revoke licenses.

“We already have put additional resources into mortgage lending enforcement by conducting more examinations of lenders and sanctioning those who violate Oregon’s mortgage lending law,” Streisinger said. “These new rules will give us more tools to take action against misleading advertisers.”

Governor Kulongoski asked DCBS last fall to take several steps to address issues in mortgage lending. Earlier this year, the department helped facilitate more than \$500,000 in grants to Oregon organizations to provide counseling and legal assistance to homeowners at risk of foreclosure. In addition, last fall, the department organized a work group to address concerns about mortgage lending. The work group developed two bills that passed in the February legislative session and that the Governor signed: House Bill 3630, which protects consumers from foreclosure rescue schemes and requires clearer notice to consumers facing foreclosure; and Senate Bill 1064, which gives DCBS expanded enforcement over loan originators. DCBS is continuing the work group meetings this year to develop potential legislation for the 2009 session.

For more on what DCBS has done to address mortgage lending, please visit

http://egov.oregon.gov/DCBS/docs/5_08_ml_actions.pdf

For a fact sheet on foreclosures in Oregon, please visit:

http://egov.oregon.gov/DCBS/docs/5_08_foreclosure_facts.pdf

The Department of Consumer and Business Services is Oregon’s largest business regulatory and consumer protection agency. For more information, visit www.dcbs.oregon.gov.

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