

Mortgage Lending Work Group

Report from Data Subgroup Meeting held on October 2, 2007

As prepared by Eric Wiley October 4, 2007

Those in attendance:

Representative Suzanne Bonamici
Berri Leslie – DFCS
Bill Schuette – DCBS
Craig Chishol – OLTA/Stewart Title
Christopher Ambrose – OMLA/Ambrose Law Group (via conference call)
Angela Martin – Our Oregon
Uriah King – The Center for Responsible Lending (via conference call)
Paul Leonard – The Center for Responsible Lending (via conference call)
Eric Wiley – OAMP/Pacific Residential Mortgage

The purpose of the meeting:

Berri Leslie called this Data Subgroup together for the purpose of determining answers and direction against the following topics:

- What is the current foreclosure picture in Oregon?
 - This was somewhat defined, with more research needed.
- What could the foreclosure picture look like in Oregon?
 - This was loosely discussed, with no hard or raw data yet available to the group for review.
- Follow-up Items
 - Identified at the end of this report.
 - It was suggested by Berri Leslie that this same subgroup meets again in the near future to be able to review those items that remain open at the present time.

Data sources discussed in detail to help determine what the current foreclosure picture looks like in Oregon are as follows:

- RealtyTrac
 - Pros
 - Probably a reasonable indicator of a specific state's trend concerning serious delinquency and home foreclosure trends on a time period to time period basis. Currently Oregon ranks 29th in the nation based upon August's tracked foreclosure activity.

- Cons
 - Probably not a true measure of one state to another.
 - Data on a single property is counted more than once, from initial filing to ultimate foreclosure.
 - Each state has different legal filings and procedures leading up to a foreclosure, so the process flow and the number of triggering events recorded differ state to state.
 - Not all homes with serious delinquency end up in foreclosure.
 - Properties taken back by banks as REO's are again double-counted into the mix.
 - County data in each state is gathered in some cases by hand, so there might be some consistency issues time period to time period.
- Noteworthy - RealtyTrac is a for profit enterprise that promotes itself as the most complete repository of data on homes in foreclosure in the nation.
- MBA's National Delinquency Survey
 - Pros
 - Probably a reasonable indicator of a specific state's trend concerning serious delinquency and home foreclosure trends on a time period to time period basis.
 - Data is broken down by Prime vs. Subprime and Fixed vs. ARMs for each category on a state by state basis.
 - 30 and 60 day delinquency per state should be strong indicators of actual early delinquency experience.
 - Through Q2 2007 Oregon ranked 50th overall in the nation in active serious delinquencies.
 - Cons
 - Some states, such as Ohio, may have the foreclosure process occur over a 1 – 2 year period, over-emphasizing the 90 days plus figures.
 - Not every home loan serviced is represented in this data set (see below).
 - Noteworthy - Data is from the top 120 mortgage servicers on about 44 million loans which are estimated to be about 80% of all mortgages.
- General observations
 - Oregon's mortgage delinquency experience, when compared to other states, is likely somewhere between what RealtyTrac's data and the MBA's data represent, but where is not clear to the subgroup.
 - The general consensus was that Oregon's present home loan performance is better than the average state in the nation and significantly better than the worst states in the nation.

Data sources that were lightly touched on but not reviewed:

- Center for Responsible Lending
 - No actual data was reviewed but the data was requested.
- First American Core Logic
 - No actual data was reviewed but the data might be purchased by the DFCS for analysis.
- Noteworthy – both of these data sets purport to have used the “cohort” method of tracking activity as it relates to delinquency and ultimate foreclosure. This is potentially significant in that a single property’s experience would only be counted as one instance, vs. counted multiple times as in the RealtyTrac data set.

General areas of interest that need further investigation:

- Occupancy status of homes in default and/or foreclosure
 - Owner-Occupied
 - Non-Owner Occupied/held for investment purposes
 - Second Home
- Reasons for default or foreclosure
 - Freddie Mac’s data was not discussed, but it was provided to everyone in the initial MLWG session and indicates the causes for serious delinquency (90+ days late) on a national basis. This data is not broken down by loan product type or on a state by state basis.
 - The group needs Oregon’s specific data if it is available.

