

Pols' neglect helped to fuel foreclosure rise

HOW MANY OHIOANS MUST END UP IN HOME foreclosure proceedings before state lawmakers stop cozying up to the financial services industry and start standing up for consumers? Is nearly three times the national average enough?

Data from the Mortgage Bankers Association shows that Ohio was first in the nation in home foreclosures during the first quarter of 2004. Foreclosure proceedings are pending against 3.41 percent of all Ohio home mortgages. The national average is 1.27 percent.

If that's not grim enough, start looking at the Ohio foreclosure rates for "subprime" loans. They are marketed to less sophisticated borrowers, some with imperfect credit ratings.

They make up about 10 percent of all home mortgage loans and typically carry higher interest rates and fees. Ohio, once again, is a national leader. A whopping 11.94 percent of subprime home loans are in foreclosure proceedings, compared to 5.05 percent nationally, according to the mortgage bankers' data.

Now comes a report from Policy Matters Ohio, a Cleveland-based think tank, that updates the troubling, longer-term trends:

Foreclosures in Ohio have more than doubled since 1998, and are up 31 percent from 2001. Last year one in every 117 Ohio households was put up for sheriff's sale. In Montgomery County, it's one in every 83 households — the highest foreclosure rate of any of Ohio's metro counties — a 34 percent increase since 2001.

In Butler County one of 90 homes went to foreclosure sale, up 47 percent. Other Miami Valley counties saw large percentage growth in foreclosures, but started with far fewer.

None of this should come as a surprise to Gov. Bob Taft or state legislative leaders. For year, consumer and housing advocates and community leaders, many from Dayton, have warned that Ohioans are being abused by mortgage lenders. They have begged lawmakers to tighten up a lax regulatory system.

The governor and lawmakers promised to study the problem, but only pretended to do so. A group was formed in 2002 to investigate and propose solutions. But it was led by state Rep. Charles "Chuck" Blasdel, a big ally of the lending industry, and was given no budget. Leaving nothing to chance, industry lobbyists were given veto power over any recommendation.

A year later, no investigation had been conducted and only a few, minor recommendations received industry approval. Another year passed before these ideas were introduced as legislation. Rep. Blasdel got around to it this spring — around the time the General Assembly was set to adjourn for the summer.

Nothing is likely to happen on the problem until next year. One recommendation awaiting action calls for national criminal record checks on applicants for mortgage loan officer licenses. The state commerce department only checks Ohio criminal records, and only started doing that in 2002. Since then, more than 100 applicants have been disqualified because of criminal convictions.

Are convicts from, say, Michigan or Indiana being licensed as loan officers in Ohio? Nobody in Columbus knows.

Expect excuses from state political leaders if they are asked to explain the foreclosure epidemic. They'll talk about tough economic times, even blame Ohioans for getting in over their heads. But don't expect them to question the lending industry, or investigate how the mortgage market has malfunctioned in Ohio. The politically powerful in Columbus just don't care.

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