The Oregonian — THE OREGONIAN, SATURDAY, FEBRUARY 26, 1994

FORUM

OPINION & COMMENTARY

Regulated mortgage insurance lets more people buy homes

To the Editor: As the president of the Oregon Mortgage Bankers Association, I'm responding to the Jan. 25 "In my opinion" column regarding mortgage insurance.

Mortgage insurance insures a lender against loss if a borrower defaults on a mortgage. A lender often requires this protection if a buyer's down payment is less than 20 percent.

This insurance enables lenders to accept riskier loans. Buyers benefit: They can put less money down, increase their buying power and afford a home sooner.

Contrary to the column, mortgage insurance is subject to regulations. Insurance companies must receive approval from the Oregon state insurance commissioner on rates and other policy requirements. Also, representatives of these companies must be licensed, which requires ongoing education.

Typically the lender rather than buyer chooses the mortgage-insurance company. While consumers can call around for rates, they will find little variation due to these state regulations.

Policies can be canceled after homeowners have paid 20 percent down through monthly mortgage payments or if their homes have appreciated enough to reduce the lenders' risk. Homebuyers would be smart to ask, "What are the conditions to release me from this policy?"

Today, lenders are making a conscious effort to open the doors of homeownership for people with a wider variety of financial backgrounds. Mortgage insurance is one tool that allows us to do that.

DICK ANDERSON
First Interstate Bank
Northwest Portland