

Auditor Favors Disclosure of Values

Much has been written and discussed regarding the tragic consequences of predatory lending. Ohio leads the nation in mortgage foreclosures and Montgomery County has one of the highest foreclosure rates in the state. Predatory lending is widely considered to be a leading cause of these results, and these issues carry serious ramifications for the region's housing market and overall economic stability.

Consumer advocates have long-sought legislative relief to this problem and now we have reached a crucial point in that effort. The Ohio General Assembly passed Senate Bill 185 earlier this year to address the problem of predatory lending but in two very different forms. The legislation is now in the hands of a conference committee in hopes of reaching a compromise that will offer real protection to consumers.

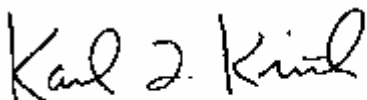
A provision in the House-approved version of the bill would require lenders to disclose the county auditor's appraised property value to applicants seeking a home mortgage loan. As the county's chief assessor, I favor such a requirement and urge the members of the conference committee to include this provision in the final version of the bill.

Thousands of real estate sales occur within Montgomery County every year. Many buyers and sellers already access the Auditor's appraised values through the Internet, as evidenced by the growing number of visitors to our web site -- www.mcrealestate.org – averaging 2,400 a day. Yet many consumers still do not consider this information before making a purchase or refinancing a loan.

Over-inflated property appraisals by unscrupulous lenders can lead consumers down a perilous path especially if they are unaware that other information may be available. Making disclosure of the Auditor's appraised values mandatory will ensure that consumers have access to this important piece of information.

The Auditor's appraised value is an estimate of a property's market value and is required to be updated every three years. It is determined by a third party that is independent of any mortgage loan process. Consumers could use the Auditor's value as a point of reference, much the same way someone might use "Kelly's Blue Book" for automobile purchases. The Auditor's value also provides a homebuyer and/or mortgage applicant with the source on which current property taxes are based.

A new law that requires lenders to disclose the county auditor's appraised property value is not the cure-all for predatory lending, and it is certainly not the most critical piece to the legislation now pending. Still, knowing that lenders must disclose this information to consumers may help curb some of the over-inflated property appraisals that are a part of the predatory lending problem.



Karl L. Keith, Montgomery County Auditor