Rising interest rate hurts house purchases

By WILLIAM KOGUT
Of the Emerald

An act of Congress suspending state ceilings on mortgage and loan interest rates will cause a dramatic decline in housing starts and purchases in Oregon, says Frank Brawner, executive vice president of the Oregon Bankers Association.

Oregon's 12 percent interest ceiling on mortgages and loans below $50,000 was temporarily dropped for 90 days starting last Dec. 28. Since then, interest rates on loans and mortgages have risen to as high as 15.4 percent.

Brawner says the effects of higher interest rates haven't shown up yet in economic statistics, but that those statistics should soon reflect a fall-off in housing starts and new mortages.

"There has been concern on the part of the public about these high rates and the general public consensus is to wait for interest rates to go down before entering the housing market," Brawner says.

But chances are when the temporary suspension of interest rate ceilings expires March 31, Congress will just extend the suspension, he adds.

"It looks like the public will be waiting a long time (for the return of lower interest rates)."

And banks are having their own problems, Brawner says. They're paying 12 percent interest for money they borrow from the Federal Reserve and are having trouble attracting money from depositors — money that can then be used to make loans, he adds.

To lure wealthy investors away from the bond market, banks have had to offer 11 to 12 percent on high-interest, $10,000-minimum money market funds.

That's a stiff price to pay for money, says Brawner, but adds that at least banks can compete for the big investor's dollar. They haven't been able to compete for the small saver's dollar, he says.

"There's no incentive for savings," says Brawner, adding that the percentage of personal income saved by Americans is at its lowest point in 30 years.

He also says federal controls should be lifted on interest rates banks may offer on savings.

Bills proposing the abolition of federal interest rate controls are before Congress now. "That way instead of 5.2 interest on savings accounts, we can offer something like 6.4 or 7percent," Brawner says.

Another bill proposed to Congress would give tax credits on savings interest. One version of that bill exempts up to $200 in interest from taxes on a single tax return and $400 on a joint return.

If banks can attract more savings, they should eventually be able to offer mortgages at more reasonable rates, Brawner says.

Forest service grants law class request

Suit effects document release

By GLENN BOETTCHER
Of the Emerald

A University law school project has led the U.S. Forest Service to grant a non-profit public interest group free copies of documents under the Freedom of Information Act.

The law school's environmental law clinic, taught by Prof. John Bonine, filed suit Aug. 7 in U.S. District Court in Washington, D.C. The suit claimed the Idaho Wildlife Federation had a legal right to free copies of forest service documents under the FOIA.

The clinic complaint is the first time a non-profit public interest group has brought suit against the forest service to seek a fee waiver.

Clinic students, representing the IWF, the Nez Perce tribe and commercial fishers, asked to use the documents while preparing appeals of the Environmental Impact Statements prepared for the Warren and Landmark areas in Idaho.

The impact statements propose doubling and quadrupling logging activities in the two planning units, which total nearly half a million acres near the proposed River of No Return Wilderness Area and Idaho Primitive Area.

Under the National Environment Policy Act, which requires the environmental impact statements, the forest service must disclose anv background information used in compiling an EIS — but the law students found a considerable amount of undisclosed information.

When the the forest service agreed to let the students view the documents in Idaho, but refused to copy the information without charge and send it to them, Law Prof. Terence Thatcher filed the suit on behalf of the IWF. "That essentially prohibited experts at the clinic from seeing them," says Neil Kagan, the first law student to request the agency documents.

But the forest service agreed it was wrong, and the suit was settled before oral arguments, which were scheduled for Feb. 7.

Under stipulations of the agreement, the forest service must pay several thousand dollars in legal costs and release without fee about 7,000 pages of documents worth $700 in printing costs.

Kagan says the forest service was denying the IWF a fee waiver for the documents based on tests that decided who should get free information on the basis of whether the information would reveal new facts.

In the Landmark-Warren appeal case, the agency decided additional documents would not provide the IWF with any new information. "By using that test they were essentially pre-judging the appeal," Kagan says.

The "new fact test" reverses the intention of the FOIA by placing the burden of proof on the citizen, adds Bonine.

Kagan says the clinic's case was helped by recent court decisions that said the agency must prove a group requesting information is not in the public interest, as described in the FOIA.

But the actual settlement was reached when the forest service admitted the clinic had discovered new facts with documents it had already obtained, Bonine says.

"After half a year of legal action they reversed themselves and waived the fees," he says.

But Bonine didn't stop with the settlement. The day after the forest service lawyer called to concede the suit, Bonine drafted an amendment to the original complaint that will keep the case alive.

Under the amendment, the forest service will discuss with the clinic possible revisions of current regulations determining fee waivers.

If revisions are not decided by March 5, the case will be argued in U.S. District Court. Judge Joyce Green, who recently declared unconstitutional Pres. Carter's order that the visas of Iranian students be checked, would hear the case.

Although the agreement does not set a legal precedent because the case was not decided by the court, it does set an internal precedent. The forest service is required to send a memorandum to all regional foresters notifying them of the case's details, according to the agreement.

This internal precedent is the case's goal, says Bonine. "The whole goal was to open up the forest service to more public input."