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New protection for mortgage consumers

The Federal Reserve is designing new rules for the industry that are designed to protect the consumer. Ben Bernanke, Federal Reserve Chairman, said the new rules are aimed at protecting consumers from deceptive lending practices that led to many unaffordable subprime loans.

With mortgage delinquencies and foreclosures occurring at such a brisk rate, they are imposing burdening costs on borrowers, their communities and subsequently the national economy. Bernanke referenced this dilemma in the Federal Reserve Board meeting during his opening remarks.

Reuters reported Bernanke as saying "Although the high rate of delinquency has a number of causes, it seems clear that unfair or deceptive acts and practices by lenders resulted in the extension of many loans, particularly high-cost loans, that were inappropriate for or misled the borrower".

Bernanke also said the Federal Reserve Board is hoping to come to an agreement on the rules which will protect consumers "while keeping credit available to qualified borrowers and supporting sustainable homeownership."