



# Your Mortgage PLANNER

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with Jamie H. Harrington, President

## THE FED PUTS THE SQUEEZE ON LENDERS

Federal banking regulators have announced that new mortgage lending guidelines are in the works. Targeted for reform are the high-risk loans that have become so popular in today's mortgage market. Regulators say that such loans can negatively impact consumers, burdening them with unmanageable debt. Here is what they propose to do about it.

The new guidelines would require lenders to acknowledge that nontraditional, high-risk loans have not been subjected to the stresses of a difficult economic period. The fact that they have been made so available to less qualified borrowers means that lenders have lowered their risk management standards. The proposed federal guidelines require stricter rules for risk management. Lenders will have to evaluate the borrower's ability to repay the loan, not just during the initial lower rate period, but also at the fully indexed rate that will eventually apply to any adjustable-rate loan. Federal regulators want to ensure that borrowers understand the terms of the loan and its associated risks.

Mortgage lenders have until the end of February to comment on the proposed guidelines. They are asking for more time to assess what changes will be necessary to implement stricter underwriting standards.

*If you would like to discuss what type of mortgage loan will work best for you, call Jamie Harrington at 828-632-0650 for an appointment. United Carolina Group, Inc., is located at 340 NC Highway 16 S. in Taylorsville.*

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