

Financial Compromise Bill Close to Passage

The U.S. House and Senate reached agreement early Friday morning on the largest financial overhaul since the Great Depression.

The bill will particularly affect home buyers seeking mortgages, requiring lenders to ensure that a borrower is able to repay a home loan by verifying income, credit history, and employment. It also would ban payments to brokers for helping borrowers find alternative financing.

The measure sets up a consumer financial protection agency to police lending, and it adopts new rules for mortgage-backed securities, requiring banks in most cases to retain 5 percent of the credit risk on their books.

Congressional leaders hope to win full House and Senate approval next week and send the bill to President Obama by July 4.

Source: The Wall Street Journal, Victoria McGrane (06/25/2010)