

Who's to Blame for the U.S. Subprime Mortgage Meltdown?

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The U.S. Subprime Meltdown is an economic phenomenon brought about by a number of things which have yet to be identified conclusively. For the meantime, blame is put on the mortgage originators who relentlessly took advantage of the growing demand for home loans. Blame is likewise put on the homebuyers who were lured into low adjustable rate mortgages.

Interestingly, blame is also put on ratings agencies which gave their imprimatur on subprime mortgage-backed securities. Investors share blame as well, for their purchase of mortgages which have led to defaults eventually. Several others have been blamed, but these four groups have been singled out exclusively. Protection to homebuyers is one remedy suggested in this note. This Note closes with a precaution for the Philippines — though it is far from going through the same subprime meltdown, several courses of action should be looked into.