

Covered-Bonds Are Back

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Thursday, 24 June 2010 13:11 -

Better and Safer Bonds may ignite Mortgage Securitization

Covered-Bonds Are Back The Canadian Imperial Bank of Commerce recently sold Covered-Bonds worth \$2 Billion Dollars to the U.S. Investors. Covered Bonds could be the ticket to the return of U.S. Residential Mortgage securitization. These Bonds are popular in Europe and might catch renewed interest from Investors and Bank Regulators. Unlike the exotic mortgage securities which created the huge mess, these bonds are relatively safe for two important reasons, first they are backed by specific pool of mortgages and finally the issuing bank keeps on its books.