

# Assumptions made in the u.s. economic decisions

[Business](#)



## Assumptions Made in the U. S Economic Decisions

The state of a country's economy is dependent on a number of factors and vital decisions made by key stakeholders. To maintain a desirable state of the economy, key sectors as banking and mortgage play a considerable role by making strict decisions. The economy of the U. S has experienced hard times with the apparent low lending rates experienced alongside an increased demand in the real estate industry. However, it is noteworthy that the economic state resulted from wrong decisions made by the key players in the economy based on assumptions. The banks and mortgage sectors are key contributors to the apparent economic state for a number of assumptions made in their decisions.

The rates by banks and mortgage in the country experienced a considerable decline and a consequent effect on the economy (Eavis, 2012). The mortgage and banking industries' decision to lower lending rates was incorrect (Henning, 2011) given the assumptions made. One notable assumption was that the price of real estate would always be on an escalating trend. Banks, therefore, decided to drop lending standards. This turned to be a wrong move in maintaining a stable standard of the economy. The second assumption was that mortgage lenders' decisions are always trusted. The second assumption rendered transactions with real property securities as safe. Insurance companies and firms rating such securities did not attest the loans provided for real estate, which constitutes their key role. Although a free market experiences a number of challenges, the condition was avertable. Insurance companies and firms need to attest securities provided for loans. This would create a legitimate rating of such securities. A <https://assignbuster.com/assumptions-made-in-the-us-economic-decisions/>

legitimate security rating would help to reduce the lending rate that spilled the real estate with investors. Banks need to maintain their rates (Nagle, 2009) to levels that ensure desired economic states. Perfect and sure decisions made by the banking and mortgage industries would help solve the economic stalemate experienced. A though research in market trends would help contain the economy and avoid such assumptions.

#### References

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