

# Putin Won't Free Russia's Hard Currency Mortgage 'Slaves'

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Russians are increasingly struggling to service loans as the economy slides toward recession this year.

President Vladimir Putin has dashed hopes of a state bailout for tens of thousands of Russians struggling with the spiraling costs of their foreign currency mortgages following the ruble's collapse.

Foreign currency mortgage holders have waged a desperate campaign for government aid after the ruble fell 40 percent against the U.S. dollar last year on the back of low oil prices and Western sanctions.

Officials had already dampened hopes of a rescue, but Putin put his foot down on the issue during his annual call-in last Thursday.

"If a person is paid in rubles and took out a mortgage in foreign currency then he has taken the exchange rate risk upon himself. The exchange rate changed, and he's hit," Putin said,

according to a transcript on the Kremlin's website. Help for foreign currency mortgage holders should "absolutely not" exceed the help given to other mortgage holders, he added.

Last week the Housing Ministry published plans to spend 4.5 billion rubles (\$84 million) to help mortgage holders, but said the aid would be given only to the poorest borrowers. Those with foreign currency loans would not get preferential treatment, the ministry said.

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Out of 3.5 trillion rubles (\$66 billion) in total mortgage loans, 150 billion rubles (\$3 billion), or 4 percent, was in foreign currencies as of March, according to Central Bank data. Almost 19 billion rubles (\$360 million) in foreign-currency loans — 12 percent of the total — were overdue, the data shows. According to the Housing Ministry, this overdue debt is owed by 5,000 borrowers.

Many Russians were attracted by foreign currency loans because they offered lower interest rates than ruble loans.

The Housing Ministry plan calls for banks to re-denominate foreign-currency mortgages into rubles, but says that the exchange rate should be taken at the date of restructuring. With the ruble currently one-third weaker against the dollar than at the start of last year, such a re-denomination would massively inflate the face value of the loan.

The All-Russian Movement of Foreign-Currency Mortgage Holders, a campaign group, published a full-page plea in the Vedomosti newspaper last week calling on Putin to "end the legalized tyranny over Russian citizens that have fallen into the bondage of the financial pyramid of foreign currency mortgages."

In March, a consumer protection agency representing foreign currency mortgage holders launched a court case against the Central Bank for failing to prevent the ruble's fall last year.

More than a dozen demonstrators were also detained on Red Square in March wearing T-shirts that said "Slave to a Hard Currency Mortgage."

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