



## Letter: 'Jumbo' loan interest rate is unfair

June 05, 2009 01:50 am

To the editor:

Although the Southern Essex District Registry of Deeds has seen an increase in the number of recordings that relate to the refinancing of mortgages, it is still nowhere near what it should be.

The recent mortgage interest rate spike must be contained. Let us never forget what brought us into this fiscal nightmare in the first place — the housing market.

We have not, as of yet, fixed this problem; so it's not a time to play games. One reason why thousands of Essex County residents have been unable to refinance their homes at low rates is the "Jumbo Mortgage."

In Essex County, any mortgage of more than \$417,000 is considered a Jumbo loan, and therefore you pay a higher interest rate. We all know that the price of a home in Massachusetts, particularly in Essex County, has been one of the highest in the nation. During the housing boom, an average sale price was anywhere from \$350,000 to \$700,000.

In order to purchase these homes, people had to carry mortgages well above the \$417,000 limit. These are responsible people who, during these difficult economic times, are striving to make their mortgage payments every month but are being penalized and treated unfairly when it comes to refinancing.

People should know that on the island of Nantucket, any mortgage over \$729,750 is considered to be a "Jumbo." So, those in Nantucket, unlike the residents of Essex County, with an existing mortgage below that amount can refinance their home and take advantage of the current low interest rates. This smacks of potential red-lining! As Sen. Kennedy once said, "The rising tide must lift all boats, not just the yachts."

The people of Essex County should be treated the same as those in Nantucket. Just imagine the thousands of people in Essex County who would have the opportunity to see their monthly mortgage payments drop drastically.

This would be the best economic stimulus they could ever receive. It would put more money in their pocket every month that would enable them to spend on goods and services.

For example, a person with a \$600,000, 30-year mortgage at an interest rate of 6 percent is paying approximately \$3,597 per month. If that loan could be refinanced at 4.35 percent, the monthly payment would be reduced to about \$2,952 per month. That would yield a savings of \$645 per month to spend on goods and services that would help stimulate the economy, every month.

I intend to write to our members of Congress and ask them to exercise their influence to see to it that the Jumbo rate is increased and that the hard-working, responsible people of Essex County be treated like those in Nantucket.

I urge everyone to join me in this effort. It is the fair and responsible thing to do.

JOHN L. O'BRIEN

Southern Essex District Register of Deeds

Salem

Copyright © 1999-2008 cnhi, inc.