

Jumbo Loans – 5 June 2009

Sales up, but still jumbo loan logjam

WASHINGTON – June 5, 2009 – While sales to first-time homebuyers are up, experts say the jumbo loan market is weak because trade-up buyers cannot secure affordable financing.

“If you’ve ever wondered what the mortgage market would look like without government support, that’s what we have today in the jumbo market,” says mortgage industry consultant Howard Glaser.

National Association of Realtors chief economist Lawrence Yun notes that the spread between conforming and jumbo loan rates rose to 3.9 percentage points in March from 1.4 percentage points in 2005. He says buyers able to make a purchase are holding off because they do not want to pay jumbo loan rates.

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