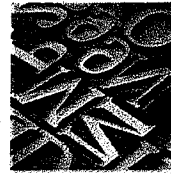


10.94	↘	5.43
11.94	↘	39.81
16.10	↗	1.70
82%	↘	0.01
5564	↘	0.0081

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Technology couldn't save a derelict mill district in Minneapolis, but old-fashioned books and letters could. **CS**



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Dead Ends and Wrong Turns

The Road to a Jumbo Mortgage Was Supposed to Get Easier

By MATT RICHTEL

In early February, Congress gave beleaguered mortgage borrowers a rare cause for celebration. As part of the economic stimulus package, it passed rules intended to make it easier and less expensive for people to take out hefty loans in the nation's costliest housing markets.

Economists and legislators said that helping tens of thousands of borrowers take out billions of dollars in new loans could stanch the bleeding in the housing market, spur spending and reduce the pain of a likely recession.

Instead, the effort to make it easier to get jumbo mortgages — loans over \$417,000 — has yielded frustration and disillusionment.

Since the rules took effect April 1, many prospective borrowers and their mortgage brokers say the new loans are either not available or the rates are far higher than they expected. Relief, they say, has been replaced by grief.

The program "is so much of a failure that it's really unbelievable," said Daniel M. Shlufman, president of the FCMC Mortgage Corporation in Clifton, N.J. Mr. Shlufman likened Congress's effort to "coming up with a vaccine to a terrible disease, and then not giving it to people, or making it too expensive."

Under the new rules, a sizable number of jumbo loan would be treated by the mortgage industry in the same way as smaller conventional loans. This change — raising the ceiling for loans backed by government-sponsored housing finance agencies to nearly \$730,000 in the nation's costliest locations — was intended to bring rates down for more borrowers and stimulate the lending that is needed to get the economy moving again.

The goal of making most of these jumbo loans accessible was aimed not at helping subprime borrowers, those people with spotty credit histories. Rather, it was meant for borrowers with good credit and ample down payments, but who wanted to buy a

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