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[Are Jumbo Loans Making a Real Comeback? Not Really](#)

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Some of the latest data suggest lenders might be loosening their spigots when it comes to jumbo loans. Nonetheless, problems still abound for borrowers of such loans, ranging from relatively large down payments to slow processing times, to name a few. Let us further explore this important topic.

SOME BACKGROUND ON DEFINITION OF JUMBO LOANS

Jumbo loans are loans not guaranteed by government-backed agencies, Fannie Mae and Freddie Mas because they are too large. Jumbo loans are generally mortgages that exceed \$417,000. However, the \$417,000 threshold varies by region. For example, in high-cost metro areas such New York and San Francisco, jumbo loans are those that exceed \$729,750. This \$729,750 threshold could be even higher in Alaska and Hawaii.

SOME SPECIOUS EASING OF JUMBO LOANS LENDING

The latest data by Inside Mortgage Finance Publications, Inc. offers some encouraging signs of thawing in jumbo loan lending. According to the industry data provider, in the second quarter of 2010, jumbo-mortgage lenders originated 18 billion dollars in loans - a 20% increase from the first quarter of this year.

In addition, JP Morgan Chase and Wells Fargo, increased their jumbo mortgage, in the first six months of this year, by 146.2% and 47.5% respectively. Nonetheless, such increases are far below the 2007 levels, according to Inside Mortgage Finance Publications, Inc.

SOME PROBLEMS STILL PERSIST FOR JUMBO LOANS

1. National-Bank Problem

Still most national banks make it very hard to obtain jumbo loans. Such banks take 2 to 4 months to process loan applications compared to 1 to 2 months for relatively smaller or specialized banks. Accordingly, jumbo-loan applicants might be better off if they find a relatively smaller or specialized bank for obtaining or refinancing their jumbo loans.

2. Stringent Requirements Problem

Still documentation, excellent credit and large down payments are required. This means jumbo loan borrowers MUST have COMPLETE DOCUMENTATION of their income, EXCELLENT CREDIT PORTFOLIO and DOWN PAYMENTS of 20% to 40%. In such circumstances, very high earners high net-worth borrowers are at exceptionally better position to obtain or refinance their jumbo loans.

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