

Commentary

Subprime loans: The time to act is right now

BY ERIC ROSENGREN

Communities across New England and the nation are grappling with the souring of subprime mortgages and a jump in foreclosures. Many people took on subprime loans assuming home prices would keep rising and refinancing would be easy. Neither proved true.

The situation won't be easy to solve. However, one thing is clear: the time to act is now. There are steps that many of us can take right now — borrowers, lenders, public officials and regulators.

I encourage worried borrowers who hold high-rate loans to take one or more steps: contact your loan servicer about a possible payment adjustment, consult a housing counseling agency about your options, or approach a responsible lender about refinancing. I also encourage lenders to reach out to borrowers, and to take a fresh look at the state and federal programs that can be of assistance.

A number of borrowers with subprime mortgages may be able to refinance into a more affordable loan, because they had good credit histories and some home equity when they got their loan. As time goes by, however, declining home prices are eroding borrowers' equity, and some are experiencing financial difficulties or mounting debt as the economy slows. These forces complicate the picture, but also underline that the time to act is now.

Mortgage Relief Fund

One refinance option is the Mortgage Relief Fund (www.MortgageReliefFund.com). Five large banks joined forces to set up this program, with the encouragement of the Federal Reserve Bank of Boston, to reach out to borrowers with high-rate loans. The banks can help borrowers explore refinancing into a more affordable loan — maybe a Federal Housing Authority (FHA) loan, a state guaranteed loan, or a conventional loan. We believe a number of community banks will join the effort in the coming months.

For borrowers who do not have easy access to the Internet, the Mortgage Relief Fund banks can be contacted at the following numbers: Bank of America at 800-344-9403; Citizens Bank at 888-411-1145; Sovereign Bank at 800-288-6225; TD Banknorth at 800-281-0025 (extension 2315); and Webster Bank at 888-681-7788 in Connecticut and 800-635-9191 in Massachusetts or Rhode Island.

To qualify, borrowers' incomes must be verifiable, and sufficient to support the payments. The borrower must have a history of generally making timely payments. The value of the home must support certain loan-to-value limits.

For borrowers who qualify the savings can be substantial — hundreds of dollars a month and thousands of dollars a year. For example, if the interest rate on a new FHA mortgage is 6 percent and the initial rate on a subprime mortgage was 8 percent, the monthly payment on a \$200,000 loan would be about \$268 less, for a yearly savings of more than \$3,200 (and more, had the original loan reset higher). One borrower already helped was at risk of losing her home. Her loan had adjusted from 7.4 percent to 8.9 percent, and was due to adjust again soon. Her new fixed-rate loan is saving her about \$250 a month.

Important to act — now

We know refinancing is not feasible for everyone. But even so, action now is important. Homeowners in dire situations should strive to make contact with the company servicing their loan. The servicer might be able to lower or freeze the interest rate or defer payments, to help avoid foreclosure. If a borrower can no longer afford the home, it still pays to contact the servicer, since working cooperatively can reduce legal fees and pre-

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STEVEN ROWE, who owns the Great Island Boat Yard with his wife Stephanie, stands in a new storage and repair facility in Harpswell. The couple has invested \$1.2 million in the yard in the last year.

Great going!

Harpswell's Great Island Boat Yard lands deal to perform finish work on \$500,000 sailboats

BY BETH BROGAN
Times Record Staff

HARPSWELL

Big things — in the form of 43 feet long and a price tag of half a million dollars — are happening at Great Island Boat Yard.

Earlier this month, owners Steven and Stephanie Rowe announced a new contract to do the finish work for the Herreshoff 43, a brand-new \$500,000 sailboat.

The announcement came on the heels of a \$1.2 million expansion at the boatyard, and soon after being awarded four acres — and tax incentives — in the Military Redevelopment Zone last summer.

The Herreshoff 43, Steven Rowe said, will be a “very comfortable cruising boat, but built for speed.” Not a racing boat like one Bruce Schwab would sail on, he said, but one with a deep draft keel and a high-tech rig and sail.

The boat is unique in many aspects, Rowe said, but the closest in today's market is the Morris 42 daysailer, he said.

Still in the development stage, the detailed system design has already begun at Great Island Boat Yard, which will install electronics, the mast and the keel, make the rigging and do final wiring and systems verifications for the 43-foot boats, Rowe said.

Finally, Great Island Boat Yard will commission the yachts, sea trial them and fix any problems they might encounter before sailing them off to customers for a cool half-million dollars.

Rowe has added four new year-round positions — a mechanic as well as rigging and composite workers — since last summer, including two people last week. Work on the H-43 boats, he said, will help the

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Steven Rowe

boatyard's now 21 employees stay busy during its slower months — in the summer.

Rowe is excited about bringing jobs to Harpswell, but equally important, he said, is ensuring the Mid-coast region remains a player in boatbuilding.

“The way I like to think about this is, this is a global supply chain,” he said, “in that these major components are coming in to Maine from different parts of the world, and Great Island Boat Yard is assembling, finishing and testing the complete boat.”

Last winter, Rowe's team refurbished a boat for Dick Harris, president and owner of Eastgate Yachts, which is building the H-43. Harris liked what he saw — enough so that he decided his new sailboats should be finished at Great Island Boat Yard, instead of out of state as previously planned.

“Through our work for him, (Harris) came to understand the methodical and process-driven way we approach projects,” Rowe said. “He was very comfortable with our management, our capability and the crew.”

“The H-43 marks a rebirth of a classic

name in yachting design,” Harris wrote in a statement. “We needed a competitive and technically savvy boatyard that could provide the attention to detail and assembly this design demands. Herreshoff Designs and Eastgate Yachts found that perfect combination in the skilled work force at Great Island Boat Yard.”

While the bulk of the boatyard's work on the H-43 hasn't yet begun, spring is a busy time at the boatyard. A new, 12,000-square-foot, heated storage space is full of boats waiting to get out on the water, and a new full-service rigging shop is complete, as well as a second carpentry shop. Designation as a Military Redevelopment Zone allowed the company to undertake its expansion much faster, Rowe said.

Rowe isn't sure how many of the H-43s they'll put together — that depends on the market, and the success of the model. But just as important as the income from the boats themselves, he said, is the abundance of “energy around the boat. ... A lot of people will be coming into the yard to see the boat, and I think that's going to help raise the awareness of, not just Great Island (Boat Yard), but of Maine's marine trade,” Rowe said.

Although the first H-43 won't arrive at Great Island Boat Yard until summer, the boat has already generated a lot of buzz, including at the recent Maine Boat Show.

“I think it's a positive thing for Maine,” Rowe said. “Maine boatbuilding is going to continue being a leader. China as a boat builder is emerging, but the state of Maine needs to have an iron in that fire. Maine could take a leadership role in working with China to manufacture major parts of the boat, and bring it here so Maine yards can provide technical expertise around electronics and design — really pull that together. Working in this global supply chain is a positive step for Maine.”

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Looking East

For a new generation, the land of opportunity may lie in China

BY TINI TRAN
The Associated Press

TAIPEI, Taiwan

When Marvin Ho co-founded a Chinese language school in Taiwan in 1957, his only students were a handful of Western missionaries.

Five decades later, it's a different story. Ho's classrooms are packed with scores of people clamoring to learn what they believe is the next global language: Mandarin Chinese.

China, having traded socialism for capitalism, is emerging as an economic power, perhaps the only one that could rival U.S. dominance in the 21st century. For a new generation of students, business people and even artists, the land of opportunity now lies to the East, not the West.

Drawn to its promise, many are seeking ways to navigate the often rough-and-tumble Wild West atmosphere of working in China. The clearest barometer of this trend is a booming appetite for learning Chinese.

Worldwide, about 40 million people are learning Mandarin, China's official spoken language and its most common dialect. Nearly 100,000 foreigners went to China to study Mandarin in 2006, more than twice the number five years earlier.

“In my generation, the U.S. was the first choice,” said Ho, whose Taipei Language Institute now boasts 2,400 students at 16 branches, nine of them in mainland China itself. This generation “thinks their future is in China. Why bother going to the U.S.? My friends encourage their children to go to China.”



FOREIGN STUDENTS study the Chinese language at the Mandarin Training Center at National Taiwan Normal University in Taipei. The keen interest in learning Mandarin Chinese, dubbed “China fever,” has spread rapidly worldwide in recent years, paralleling the rise of China itself as an economic and political power.

THE ASSOCIATED PRESS

The rise of the Middle Kingdom has clear parallels with America in the last century, when it became a magnet for people from around the world, said James McGregor, author of the best-selling book, “One Billion Customers: Lessons from the Front Lines of Doing Business in China.”

“This is a continental-sized economy being built from scratch,” he said. “Everyone used to go to America because it was the global happening place. Now this is the global happening

place.” McGregor, a former journalist who runs a business consulting firm in Beijing, advises those who want to head to China to bring an open mind, a sense of adventure and an appreciation for the absurd.

The other key to making it? Solid language skills.

“If you're going to be an entrepreneur, you

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