

Financial Sense

summer 2012

making sense of your financial matters



Shut the Door on Mortgage Scams

The weak housing market has set the stage for scam artists to take advantage of unsuspecting homeowners and homebuyers. Mortgage scammers may promise to help you get a home loan, modify your loan, refinance or save your home from foreclosure. Unfortunately, the strings attached to some of these deals can be financially devastating – victims may lose thousands of dollars, or even their homes.

Foreclosure rescue schemes prey on homeowners who are falling behind on payments or worried about losing their homes to foreclosure. Watch out for:

- Scammers claiming to work directly with your mortgage servicer to modify your loan. They may charge high fees for preparing documents and disappear without doing anything.
- Criminals who convince homeowners to transfer ownership of their homes with a promise that the home can be repurchased after the loan is fixed. In this nightmare scenario, the homeowner still carries the mortgage debt but no longer owns the home.

Short-sale fraud can negatively affect homebuyers, sellers and/or lenders. A short sale is when a home is sold for less than the homeowner owes on the mortgage. This type of sale is becoming increasingly common since many homeowners are underwater on their mortgages, and it can be a good deal when executed fairly. Short sale fraud happens when unscrupulous real estate agents, title companies or other middlemen manipulate these deals to make a bigger profit.

Illegitimate payoffs may sabotage a homeowner's mortgage refinance. This happens when a title or closing agent pockets the payoffs that were supposed to go to the previous mortgage company. There's lag time in recording the necessary documents, so this crime may go undiscovered for a month or two.

We Can Help

At StonehamBank, we offer many affordable mortgage and refinance options that can save you money, plus excellent service you can trust. Contact a home loan specialist at **888-402-2265** or visit www.stonehambank.com to learn more.



Save Time and Money Automate Your Finances

Have you ever had to pay a late fee because you simply forgot to pay a bill? Or inadvertently spent money you intended to put into savings?

Automating many of your everyday financial transactions can help you save money and stay on track to meeting your financial goals. As a bonus, it frees up extra time that you no longer have to spend managing finances. Use this handy checklist to see how you can simplify your life.

- Use **direct deposit** for immediate access to your money, even when you're away from home.
- Set up **automatic transfers** to your savings account within online banking to "pay yourself first."
- Use **online bill pay** to pay monthly bills with just a few clicks, or set up recurring payments.
- Set up **account alerts** to notify you when your balance reaches a certain level, a transaction has cleared, a bill is due, and much more.

You can create a system where you're doing the right things by default and making your life easier. To learn more about how you can automate your finances, call StonehamBank at **888-402-2265**, stop by a branch, or visit us online: www.stonehambank.com.



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How the European Debt Crisis Could Affect Your Investments

It would be nice to think of the European debt crisis as something happening "over there." But the reality is that the debt crisis has a significant impact on U.S. interests – and investors. The global financial system is now truly global – whatever happens "over there" affects all of us.

What Happened?

How did Europe get into this mess?

Essentially, conventional lenders do not believe that several European nations, particularly Greece, Italy, Spain, Ireland and Portugal, can repay their debts. Thus, lenders are only willing to loan these nations additional funds at exceedingly high rates, which they cannot afford.

Financial experts attribute the debt crisis to several factors, including high-risk lending and borrowing, international trade imbalances, real estate bubbles, slow economic growth and poor fiscal policy decisions.

What's Being Done?

Since the debt crisis began in late 2009, the 17 member nations of the European Union (EU) that use the euro have taken action, although slowly. It is difficult for EU nations to agree on potential solutions – particularly helping financially troubled nations.

Thus far, Greece has received two significant bailouts from the EU and International Monetary Fund (IMF): approximately \$163 billion in 2010 and another \$172 billion in 2012.*

Ireland and Portugal have also received bailout funds. And in late 2011, the European Central Bank made \$639 billion in credit available to troubled nations.*

However, such actions have proven politically problematic. Some people in prosperous EU nations, such as Germany and France, object to using their nation's funds to assist countries they believe have overspent their means. Meanwhile, citizens of troubled nations, such as Greece, have objected to strict government budget-cutting imposed as a condition of receiving EU aid.

Impact on U.S. Investors

The ripple effect of the debt crisis has already been felt in the United States – with more shock waves likely to come. For instance, when European stock markets fluctuate due to the debt crisis, the U.S. stock market tends to follow suit.

Collectively, the world's banks are hoping that Greece does not default on its debt, which would have a significant negative global impact. For instance, American companies hold more than \$2 trillion in investments in European banks, which have invested heavily in Greece.**

If the debt crisis worsens, American companies that sell goods and services in the EU will find it tougher to find buyers. Affected companies would then take a hit to their revenue and profitability.

Seek Expert Guidance

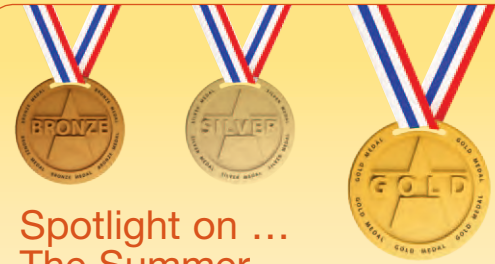
During uncertain economic times, it can be helpful to gain input from a trusted financial advisor. Please turn to us if you have concerns about your portfolio in light of the European debt crisis. Our Infinex Financial Consultant, Jim Smyly, would be happy to meet with you.

* Source: *The New York Times*, Dec. 30, 2011, and Feb. 21, 2012, www.nytimes.com.

** Source: *Forbes*, Dec. 8, 2011, www.forbes.com.

Prepared by BlueSpire Strategic Marketing.

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Spotlight on ... The Summer Olympic Games

Three cheers for London: The 2012 Olympic Games mark the third time London, England, has hosted the summer games – more than any other city. London was a previous host city in 1908 and 1948.

The 1948 Olympic Games were the first games shown on home television.

Women's boxing will be an Olympic competition for the first time at the 2012 games.

The first Olympic Games to have a mascot were the Munich games in 1972. The Munich mascot was Waldi the dachshund. The 2012 London mascots are cartoon animations Wenlock (Olympic Games) and Mandeville (Paralympics).

Rio de Janeiro, Brazil, will host the next summer Olympic Games in 2016. It will become the first South American city to host the Olympic Games.

Sources: Top End Sports (www.topendsports.com) and London 2012 (www.london2012.com).

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