

Know Who You're Working With **By Jeff Cooper**

“Home-mortgage scammers and spammers are working overtime,” writes nationally syndicated real estate columnist Kenneth Harney. Many of us have received e-mail offers from spammers touting incredible loan terms.

Harney notes that many of these come-ons are from firms that will sell your personal data after you fill out an online loan application. Others also aren't mortgage companies, but will sell your personal information as a prospective borrower to numerous lenders.

A big reason for this bothersome activity is that mortgage rates have edged up in 2004, ending the “refinancing boom.” Most homeowners no longer can reduce their monthly payments simply by taking out a new loan.

Unfortunately, many opportunistic loan officers have come into the mortgage business in recent years. Living off refis was possible for a while, but now they are struggling.

In fact, industry experts say that most of these inexperienced lenders will soon be working in another field. But it's also important to know that spam isn't the only way they communicate.

Some lenders advertise low rates to get a lot of phone calls. Yet most prospective borrowers find they don't qualify for those special rates.

Or you may discover that a great “teaser rate” is good just for a short period. Additionally, that loan may produce “negative amortization,” which adds to the total loan amount you owe.

Home financing involves more than looking for the lowest rate. Mortgages are complicated financial instruments, and should be chosen so they fit into your household's budget and plans.