

Tips to Avoid Predatory Lending

- ▶ Only deal with licensed mortgage lenders and brokers or those operating under and subject to federal and state regulations. To determine if your broker or lender is licensed by the State of Ohio, contact the Division of Financial Institutions at 614.728.8400 or www.com.state.oh.us/dfi.
- ▶ Read and get copies of everything you sign in connection with your mortgage.
- ▶ Beware of "Bait & Switch" tactics where the lender or broker makes an offer with one set of terms and then pressures you to sign a loan with more expensive rates and hidden costs.
- ▶ Make sure your monthly payments are affordable, and that you are NOT comparing apples to oranges when looking at the old vs. the new payment. Be sure that if the escrow of taxes and insurance is part of your old payment, it is included in your new payment when comparing price savings.
- ▶ Make sure the rate and terms quoted by your lender and/or broker are given to you in writing and do not significantly vary from those presented at closing.

- ▶ Do NOT shop based solely on lower monthly payments. Payments may be lower if the loan has a balloon payment or a variable rate. Unless you expect falling mortgage rates, a higher income or a better credit rating in the future, these loans eventually cost you more.
- ▶ Do NOT sign blank forms. Forms should be completely filled out with no blank boxes or spaces.
- ▶ Beware of door-to-door home improvement offers where the contractor offers to find you the necessary financing to make the improvements.
- ▶ Never falsely state or allow others to falsely state your income. You won't have your dream home very long if you can't afford to make the payments.
- ▶ Do not fall for scams from out-of-state businesses claiming to arrange mortgage loans for an advance fee or with the advance purchase of special loan insurance. Sending them a money order to a post office box or mail drop will likely be the last time you see your money.

**Call the Office of Consumer Affairs
Consumer Lending Toll Free Hotline**

1-866-278-0003

TTY/TDD: 1-800-750-0750

or write to us at

Division of Financial Institutions

Office of Consumer Affairs

77 South High Street, 21st Floor

Columbus, Ohio 43215-6120

www.com.state.oh.us



- ▶ Remain current on your present mortgage obligations until closing and disbursement of new loan proceeds. If you are paying other debts off as part of the loan, remain current on them as well. Falling behind on your current debt while waiting to get your new loan will hurt you in the long run.
- ▶ Borrow only what you need and can afford to pay back. If you need \$5,000 to pay for a home improvement, there is usually little sense refinancing your existing mortgage and paying \$6,000 in closing fees to arrange the loan.
- ▶ Understand that if you consolidate your credit card debt and other consumer debt into your mortgage or home equity line of credit to have one lower overall monthly payment, nonpayment of the loan could cause you to lose your home. Also, any monthly savings will disappear if you accumulate credit card debt again.
- ▶ Know your credit rating and qualify for the loan you deserve. There is no reason to pay high rates and fees if you can qualify for better terms.
- ▶ If a deal seems to be too good to be true, it probably is!

