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How to Spot & Avoid Predatory Lending

Predatory lenders promise loans that are "too good to be true" and pressure borrowers to take the loans. Here are a few things you should know about spotting and avoiding predatory loans:

Predatory Loan Signs:

- Balloon payments
- High interest rates
- Monthly payments you can't afford
- Pre-payment penalties for early pay-off of the loan
- Unauthorized refinancing of your loan
- Lender asks you to sign a blank loan document and promises you they will fill it in later.

How to Avoid a Predatory Loan:

- Always shop around and ask questions.
- If you don't understand the loan terms, talk to someone you trust to look at the documents for you.
- Don't trust ads promising "No Credit? No Problem!"
- Ignore high-pressure sales tactics.
- Don't take the first loan you are offered.
- Remember that a low monthly payment isn't always a 'deal.' Look at the TOTAL cost of the loan.
- Be wary of promises to refinance the loan to a better rate in the future.

For more information on how predatory loans work, call Solid Ground's Predatory Lending Hotline at **206.694.6864**.

If you are purchasing a home or refinancing your existing home mortgage and would like your loan documents reviewed before you sign them, please call **206.694.6776** to schedule an appointment with a HUD Housing Counselor.