



Don't fall victim to

Predatory Lending

Predatory lending has recently made headlines as a factor behind the credit crisis. But would you know the difference between a legitimate loan offer and a predatory one?

Here are some telltale signs:

- Offers of easy access to money, regardless of credit or ability to pay off the loan – **“No credit? No problem!”**
- High-pressure sales tactics – **“Act now, before it’s too late!”**
- High interest rates and outrageous fees hidden in the fine print.
- Unaffordable repayment terms and harassing collection tactics if you miss a payment.



STATE OF FLORIDA

Florida Department of Financial Services

But you can protect yourself. The Florida Fair Lending Act prohibits aggressive or deceptive loan tactics.

Don't let predatory lenders:

- Charge prepayment penalties beyond three years.
- Increase interest on loans going into default.
- Increase (balloon) payments on loans that mature in less than 10 years.
- Call a loan due, even though you've complied with the terms of the loan.
- Refinance a loan during the first 18 months, unless there is some benefit to you.
- Offer to originate a loan at your home without offering a prearranged appointment.
- Charge late fees that exceed 5 percent of the payment.

Remember, Florida laws require lenders to disclose certain facts about a loan at least three days prior to closing the deal, including:

- A mortgage will be placed on the borrower's home, and they could lose the home in the event of foreclosure.
- Interest rates and terms can vary, depending on the lender or broker.
- Borrowers should consider consulting a HUD-approved credit counseling agency or a financial advisor regarding financing of their home.
- Debt consolidation can be a useful tool if the borrower does not take on additional short-term debts.
- Loan applicants do not have to accept the loan, even though they have filled out an application.

FOR MORE INFORMATION

Florida Department of Financial Services

Division of Consumer Services

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www.MyFloridaCFO.com