



## BEWARE OF PREDATORY LENDERS

Some brokers and lenders try to pressure borrowers into loans they cannot afford. The loans may have high interest rates and unforeseen fees; the company, lender or broker may not be licensed or legitimate; or the terms may not be in your best interest. Watch for these warning signs of predatory lending:

- Higher-than-market interest rates and hidden fees. Check market rates online or through a reputable bank or credit union.
- “Bait and switch” tactics — A broker/lender initially offers one set of terms, then tries to pressure you into agreeing to different, more expensive terms. Ensure all terms are in writing and you are in agreement before signing the contract.
- Door-to-door salespeople pitching unsolicited home improvement loans. Contact a legitimate broker or lender to secure a loan.
- Mail and television ads that claim “No job? No credit? No problem! We can qualify you for a home equity loan.” Contact a legitimate broker or lender to secure a loan.
- Someone asks you to sign a document with blank spaces to be filled in later. Never sign a document with blank spaces. Cross through the blank or write N/A.

No matter what kind of loan you apply for, get EVERYTHING in writing and be sure you get copies of every document you sign. Just say “No” when anyone uses high-pressure sales tactics or urges you to sign a loan contract immediately.

Visit [www.MyFloridaCFO.com/Division/Consumers](http://www.MyFloridaCFO.com/Division/Consumers) for more information. For assistance with insurance or financial matters, contact the Department of Financial Services’ Consumer Helpline toll-free at: 1-877-MY-FL-CFO (1-877-693-5236).  
TDD users: 1-800-640-0886.



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Shopping For A  
Home Mortgage



Be a **SMART** Borrower — Review these tips before you sign a mortgage contract or refinance your current mortgage:

**S**ecure a licensed loan broker or lender. Visit the Office of Financial Regulation's Verify a License website - [www.flofr.com](http://www.flofr.com) - to find out if your broker or lender is licensed and in good standing with the state of Florida.

**M**anage your money. Review your budget and only borrow the amount you are able to repay.

**A**sk about all of the loan terms. Make sure the terms you discuss with your broker or lender are clearly printed and that you understand all of the information included on the documents.

**R**ead the entire mortgage contract carefully. Don't sign anything you don't fully understand.

**T**alk to a trusted financial professional. NEVER allow someone to pressure you into signing a contract that you are unsatisfied with, do not understand or do not agree with.

## UNDERSTANDING YOUR MORTGAGE CONTRACT

*Below are terms to know before signing a mortgage contract:*

### Adjustable Rate Mortgage (ARM)

As interest rates fluctuate, the monthly payments on the loan can increase or decrease (adjust).

### Annual Percentage Rate (APR)

The interest rate you will pay for the loan each year. The APR will impact the amount of your monthly payments. Compare the APR that various lenders offer to secure the best rate.

### Closing Costs

All costs associated with closing on your home including appraisal fees, title insurance, taxes, etc.

### Collateral

The property you use to secure a loan. Your home is the collateral for a mortgage; you could lose your home if you default (or fail to pay) on the loan.

### Finance Charges

The total amount of interest and charges you will pay for the loan. Some factors that determine the finance charges are the APR, the amount you borrow and the length of the loan. Be sure to look for hidden charges before signing mortgage documents.

### Fixed Rate Mortgage

The interest rate on the loan stays the same and does not fluctuate.

### Loan Terms

The length and amount of the loan and the conditions and requirements as outlined in the loan agreement. Be sure you understand and agree to all terms before signing the contract.

### Origination Points

Origination points are fees paid to the lender to cover the cost of processing and approving mortgage loans.

For more mortgage terms to know, visit the Department's Your Money Matter\$ website at [www.MyFloridaCFO.com/YMM](http://www.MyFloridaCFO.com/YMM).

## THINGS TO KNOW

### The Total Number and Exact Dollar Amount of Payments

This will help you decide whether the payment schedule for the loan and monthly payments fits your budget.

### The Total Payment Amount

After you have made all payments over the life of the loan, this is the total amount you will have paid.

### Prepayment Penalty

Some lenders charge extra if you pay off your loan early. The lender must disclose this on the Loan Estimate and Closing Disclosure forms. These forms outline pertinent details of your loan such as the interest rate, monthly payment, closing costs, etc. The lender must provide the Loan Estimate within three business days of receiving your loan application and provide the Closing Disclosure at least three days before you close on the mortgage.

### Lock in Your Interest Rate

If you can lock in the rate when you first apply for the loan, your interest rate will not increase while your loan is being processed.

