Think about your options......

Talk with your creditors or reputable credit or budget counseling organizations to work out a plan that reduces your bill payments to a more manageable level.

Contact your local social service agency, community or religious groups, and local or state housing agencies. They may have programs to help you.

Contact a local housing counsel agency to discuss your needs. Call HUD at 800-569-4287 to find a center near you.

Talk with someone other than the lender or broker offering the loan who is knowledgeable and you trust before making any decisions.
.... REMEMBER IF YOU DECIDE TO GET A LOAN AND CAN’T MAKE THE PAYMENTS, THE LENDER COULD FORECLOSE AND YOU WOULD LOSE YOUR HOME.
If you decide to get a loan......

- Talk with several lenders, including at least one bank, savings and loan, or credit union in your community.
- Their loans may cost less than loans from finance companies.
- Don’t assume that you can’t get a loan because you are on a fixed income or have credit problems.
Contact several lenders and be very careful about dealing with a lender who just appears at your door, calls you, or send you mail.
Gathering Information

- Ask friends and family to recommend lenders.
- Talk with banks, savings and loans, credit unions, and other lenders.
- If you decide to use a mortgage broker, remember they arrange loans, but most do not lend money directly.
Using the Information

- Compare their offers with those of other direct lenders.
- Be wary of home repair contractors that offer to arrange financing.
- Talk with other lenders to make sure you get the best deal.
Interest Rate and Payments

- What are the monthly payments? Can you afford them?
- What is the annual percentage rate (APR) on the loan?
- Will the interest rate change during the life of the loan? If so, when, how often, and by how much?
Term of Loan

- How many years will you have to repay the loan?
- Is this a loan or a line of credit?
- Is there a balloon payment—a large single payment at the end after a series of low monthly payments?
What will you have to pay on points and fees?

Usually the higher the points, the lower the interest.

Points and fees are usually between 1 and 3%. If it’s more than 5% of the loan amount, ask why.

Are any of the loan application fees refundable if you don’t get the loan?

How and how much will the lender or broker be paid?
Penalties

- What is the penalty for late or missed payments?
- What is the penalty if you pay off or refinance the loan early?
Credit Insurance

- Does the loan package include optional credit insurance?
- Do you need this or do you already have life insurance?
Be alert

History has shown us that where conditions of financial stress exist, there will always be predators.

Be alert to these practices and protect yourself by educating yourself and being aware of your options.
Remember . . .

- Think about your financing options
- Do your homework
- Think twice before you sign a loan contract
- Know your legal rights.