

ADVICE FROM THE FLORIDA ASSOCIATION OF MORTGAGE BROKERS

Shop around and compare – If you need to borrow money for a home purchase, refinance, home repairs, medical expense or bill consolidation, shop around with different brokers and lenders. Compare interest rates and find out what the total costs of the loan and your monthly payment will be before making a decision. Use the Good Faith Estimate from each application to compare loan terms and costs.

Negotiate – Don't let the promise of extra cash or lower monthly payments get in the way of your good judgment about whether or not the cost you will pay for the loan is really worth it. Don't agree to a loan that includes extra products you don't want. Negotiate the loan terms and agree to a loan amount only for what you need.

Be cautious – Be wary of anyone who calls you on the phone, solicits you via mail, fax or e-mail or comes to your door offering bargain loans. Beware of claims that the offer is only available for a short period. Beware of lenders claiming "Bad credit? No problem." If the loan seems too good to be true, it probably is.

Never act immediately – Say no to lenders who ask for upfront fees, allegedly to cover a first loan payment and other expenses as part of the application. Never pay a lender cash for any fees. Always make the check payable to the lender, not the individual loan officer.

Understand the terms of your loan – Some loans may sound very attractive because the monthly payment is small. Ask about balloon payments at the end of the loan period. Make sure you know the dollar amount of each monthly payment and ask if the monthly payment can change at any time during the repayment process. If so, find out when it will change and by how much.

Ask questions – You have a legal right to know the total cost of the loan, the annual percentage rate (APR), the amount of the monthly payment and how long you have to pay back the loan. If you are unsure of any terms of the loan, ask. If you don't get a straight answer, go elsewhere for your financing needs.

Read carefully before signing – Don't sign any document you haven't read, or one that has blank spaces to be filled in after you sign. Don't be pressured into signing any loan papers that you don't understand. If you need an explanation of any terms or conditions, talk to someone you trust, such as an attorney. Get copies of everything you sign.

Borrow only what you need and can afford to repay – Just because you qualify for a certain amount of money doesn't mean you can afford to pay it back. Determine exactly how much money you need, borrow only that amount and find out exactly how much you will have to repay every month. Make sure you'll have enough money left over to pay your other bills.

Get help if you've been victimized – Contact your local Better Business Bureau to report the individuals and companies with whom you've worked.

Want more information?

Visit the Florida Association of Mortgage Brokers website at www.famb.org.