

Don't Borrow Trouble

By Michael Guillot, Security Director

Ever get a loan offer that seemed too good to be true? Chances are, it was. But too many people have become victims of abusive or "predatory" lenders that push loans that sound good, but in fact, include sky-high interest rates and hidden fees. The American Bankers Association wants consumers to know how to tell a "good" loan from a bad one. Otherwise, you could end up losing your good credit rating – even your house.

The ABA offers these tips:

- Watch out for slick TV ads, telemarketers or door-to-door salespeople who offer fast, easy loans for houses, cars and home repair. The same goes for lenders who say bad or no credit is "no problem."
- Make sure you compare the interest rates and the total costs and fees for your loan. High up-front fees and points can turn a loan with lower monthly payments into one that actually costs you more in the long run.
- Don't pay upfront for fees or application expenses for a loan you may never receive.
- Know exactly what you're agreeing to before signing anything and never let them rush you. Never be afraid to ask for explanations of any fees, terms and conditions you don't understand.

When in doubt, ask for guidance from someone you trust – a banker, a trusted adviser or an experienced family member or friend. And remember: You have the legal right to change your mind for any reason within three days of signing any loan contract where your home is being used as security.