

FREQUENTLY ASKED QUESTIONS

When buying a home, how much of a down payment should I make?

The higher the down payment the better. Most lenders ask for a 10-20% down payment. Some lenders will ask for little or even no money down. This is a bad idea! A 20% down payment will provide you with lower monthly payments, lower interest rates, and better bargaining power than putting little or no money down.

What kinds of loans should I avoid?

It is best to avoid loans that charge high interest rates and penalties. Avoid loans with balloon payments and/or prepayment penalties. Avoid loans that start with low payments but go higher. Read the entire contract and don't be afraid to ask questions. Always get agreements in writing.

What can I do if I took out a predatory loan I can't repay?

The best thing you can do is act quickly and now! The longer you wait, the worse your situation will get. An experienced attorney can help you weigh your options and determine the right course of action for you.

Contact Attorney Neil Crane Today for a Free Consultation!

PROTECT YOUR CREDIT!

DON'T FALL VICTIM TO
PREDATORY LENDING
PRACTICES!

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BORROWING AND BAD CREDIT



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BORROWING AND BAD CREDIT

Many families are suffering financial distress because of the growing number of abusive practices in the lending market. High interest rates and hidden fees make it difficult for borrowers to repay debts on time. This in turn leads to higher interest rates, lower credit scores, and more debt.

Be aware that most lenders are in the business of making money, not helping borrowers. Some engage in the practice of **PREDATORY LENDING**. Predatory Lending is when a lender deceptively convinces borrowers to agree to unfair and abusive loan terms, or the lender systematically violates loan terms in ways that make it difficult for the borrower to defend against. Some important signs of predatory lending include:

- ✓ Unusually high interest rates
- ✓ Loans based solely on the equity in the home rather than the borrower's ability to repay.
- ✓ Excessive fees and unnecessary extra costs.

GETTING GOOD RATES

Borrowing money can be risky. Consider the following before deciding to take out a loan:

Lenders may seek out subprime borrowers with less than perfect credit as a source of big fees and huge profits.

Borrowers with less than perfect credit are often happy just to be approved. This makes them easy prey for high rates and fees.

You can obtain good rates if you shop hard for your loan. Fees, costs, and rates are all negotiable. If you seek out competitive sources they will bid for your business.

When borrowing to purchase a home, a down payment is crucial since it (a) creates equity; (b) lowers monthly payments; (c) can lower your interest rate; and (d) it's your best argument for a good rate regardless of past credit history.

HELPFUL TIPS

- ❖ Borrow **ONLY** the amount you need and can afford to repay.
- ❖ Shop around for the best loan for your individual situation.
- ❖ Know about **ALL** loan fees.
- ❖ Understand the true cost of the loan over time.
- ❖ Do **NOT** be pressured into signing a loan you know you can't afford. Be wary of high pressured sales pitches.
- ❖ **NEVER** sign anything you don't completely understand. Don't hesitate to ask any questions.
- ❖ Know and understand your financial situation **BEFORE** you enter into an agreement.
- ❖ Do **NOT** lie on your loan application! This is fraud and could result in criminal penalties.