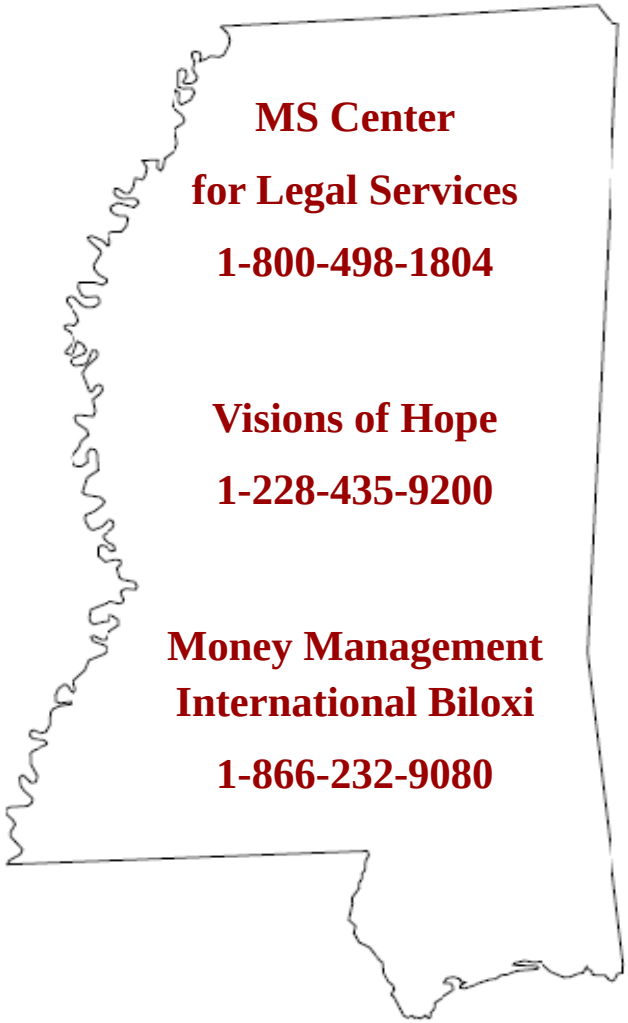
Predatory Lending Practices

- Lenders rush a borrower claiming that ***"this is your only chance to get a loan."***
- Prepayment penalties for early monthly payments and early refinancing out of a loan.
- Predatory Lenders steer qualified borrowers from fixed rate loans to adjustable rate loans.
- At closing, the cost of the loan or loan terms are more expensive than originally negotiated.
- Lenders who allow borrowers to refinance multiple times in order to charge more fees.
- Advertisements that say *"BAD CREDIT DOESN"T MATTER".*
- Asset-Based Lending - making unaffordable loans based on a borrower's assets instead of what they can afford.

Local Assistance Resources



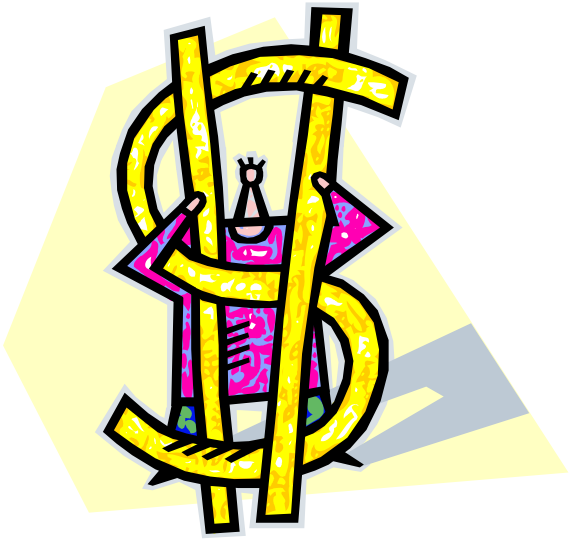
MS Center for Legal Services
1-800-498-1804

Visions of Hope
1-228-435-9200

Money Management International Biloxi
1-866-232-9080

THE CITY of Pascagoula™
MISSISSIPPI's FLAGSHIP CITY

Predatory Lending



Don't Get Trapped!

What is Predatory Lending?

- Predatory lending is misleading and targets uninformed borrowers and homebuyers. Sales tactics are aggressive, deceptive, abusive, and unfair.
- Predatory Lending practices target people of color, the elderly , non-English speaking people and those with low to moderate incomes.
- One of the main ways that people build wealth in the United States is through homeownership. Predatory Lenders deny new homeowners the opportunity to build equity and strip equity from long time homeowners.
- Pay day loans can carry 400% annual interest rates. The debt can go on for weeks, months and years.
- Car dealerships that offer to ***"fix your credit"*** will prey on people with poor or no credit. The Annual Percentage Rate offered is much higher than a credit union or bank.

How to Avoid Predatory Lending

- Know and fix your credit! Request your free credit report annually from each credit agency.

Equifax
888-397-3742 / www.equifax.com

Experian
800-685-1111 / www.experian.com

Trans Union
800-493-2392 / www.transunion.com

- Consult with a HUD certified nonprofit credit counselors. Please see back of pamphlet.
- Shop around. Don't take the first loan offered to you.
- Never sign a blank document for a lender who promises to fill it in later.
- Don't be talked into lying or inflating your income on a loan application.

Facts to Know & Questions to Ask

- ***"Is there a balloon payment?"***

Balloon Payment - a large often unaffordable payment at the end of a loan.

- ***"What kind of loan is this?"***

A Fixed Rate loan is the best. Stay clear of sub-prime loans such as adjustable rate and interest only loans or mortgages.

- ***"What is my interest rate and monthly payment? Will either of them change?***

Never agree to a loan that you cannot afford.

- Understand the Truth in Lending Statement in your loan package.

Truth in Lending Statement a form that is by law a mandatory part of a loan agreement that explains every aspect of a loan from interest to finance fees.