

2. Sellers make a house appear to be in better condition than it is.
3. Appraisers establish the value of the house at a higher amount than it is actually worth.
4. Legal documents associated with the deal may not be complete or accurate.
5. Lenders give buyers inflated mortgages that are insured by the Federal government. The Federal insurance pays for the *lender's* losses, *not* the buyer's.
6. Other lenders convince uninformed, first time homebuyers to mortgage more than the house is worth.

Be a Smart Consumer!

BEFORE you sign a contract to buy or sell a house, follow these six important steps.

1. Meet with a Homeownership Counselor. This service is usually **free**.
2. Use a real estate professional to help you shop for (or sell) a house and negotiate on your behalf.
3. Hire a housing inspector to inspect the property and examine the report carefully. It will disclose defects and repairs that the house needs. *You may require the seller to finish the repairs before you purchase the house. Remember that an appraisal is **not** the same as a home inspection.*
4. Choose your own lender. Go shopping and compare costs. *Be suspicious if anyone tries to steer you to a lender.*
5. Read everything carefully. Ask questions. Take time to understand the deal. Have it reviewed by an attorney skilled in real estate law.
6. Do **NOT** let anyone rush you into signing a contract. See a counselor first. Do **NOT** sign any document before reading every word and examining the house yourself. If you do not fully understand, ask *someone you trust, who is not involved in the transaction*, to explain all its terms and conditions to you. Know what you are signing before you sign.

Get free counseling from a non-profit organization or attend a homeownership education class before you sell or shop for a loan. They can help you understand the various loans, how they work, and how to shop for the best terms.

HUD-APPROVED HOMEOWNERSHIP COUNSELING AGENCIES

Maine State Housing Authority
1-800-452-4668
207-626-4670

Pine Tree Legal
Portland 207-774-8211

Penquis Community Action Program
207-973-3500

Coastal Economic Development Corp.
207-442-7963

York County Community Action Agency
207-324-5762

Kennebec Valley Community Action Program
207-873-2122

Tedford Housing
207-729-4583

Community Concepts, Inc.
207-743-7716

Consumer Credit Counseling Services of Maine
1-800-539-2227

Washington-Hancock Community Action
207-546-7544

Four Directions Development Corporation

207-866-6546

Peoples Regional Opportunity Program (PROP)

207-772-1184

Portland Adult Education

207-874-8155

Coastal Enterprises, Inc.

207-882-7552

Call

Maine Office of Consumer Credit Regulation

1-800-332-8529

- To see if lender is licensed
- To check for any unresolved complaints

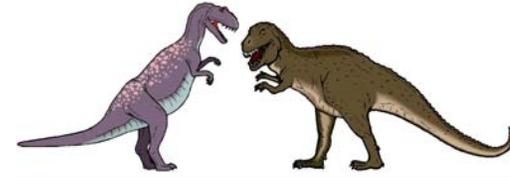


www.hud.gov

www.hud.gov/local/ban

<http://www.hud.gov/offices/hsg/sfh/pred/predlend.cfm>

WATCH OUT
for the
PREDATORS!



- **Crooked Appraisers**
- **Unscrupulous Lenders**
- **Conniving Investors**
- **Home Improvement Scam Artists**

They can prey on uninformed, first time homebuyers and seniors by failing to disclose the truth about a house, the terms of a mortgage or costs associated with a second mortgage or home equity loan.

Don't Be a Victim!

If a deal to refinance a house or get money from your investment *sounds* too good to be true, it usually is. Beware of predatory lending schemes. In communities across America, some people are using *refinancing scams* to cheat seniors out of their major life-time savings – their homes. Others practice *flipping*: buying vacant, poorly maintained or defective homes, making minor, mostly cosmetic repairs and selling the homes for up to *twice* the price they paid for them. Both prey on uninformed homeowners, seniors or first-time homebuyers by failing to disclose the truth about the house or the mortgage. Some unethical sellers, lenders and appraisers work together to make big profits from these transactions.

HOW?

1. Scam artists scare the elderly into thinking they will never be able to sell their homes. Then these scam artists buy the homes for far less than they are worth.