

Community Legal Aid

A non-profit law firm serving the legal needs of low-income individuals and families in central northeast Ohio



www.communitylegalaid.org

Warning to Homeowners

Are you getting phone calls, mail, leaflets or people coming to your door promising you a loan to pay off your debts or pay for home improvements or repairs? If so:

BE CAREFUL!

Is the person or the company with whom you are dealing trying to trick you, trying to mislead you or trying to make you think they are your friend? Do not allow that person to make you the victim of a scam that can lead to the foreclosure of your home.

- Read and understand any papers you are asked to sign.
- Do not let anyone pressure you to sign any papers.
- Ask for a complete set of papers to take home and go over before you sign. Make sure the copies you are given are already filled in with the information about you and your loan.
- Get help from someone who understands loans. Local banks, savings and loan associations or credit unions will often have reliable information about loans.
- Check with others about any company or person with whom you are dealing. Ask your friends and family to help you.
- Does the Loan Application correctly list your income and other information about you? Make sure it is correct. Do not sign if it is not.
- Are all promises made to you in writing? If they aren't written down, it is easy for them to be forgotten.
- Make sure you understand any costs and fees that you will have to pay. The Settlement Statement lists each one. Read it carefully. Ask questions. Are you being charged too much? Are you being charged for things you don't need? Are you being charged for things you didn't get?
- Compare the costs and fees to what other lenders (e.g., banks, savings and loans, credit unions, etc.) would charge you for the same loan.
- Make sure you understand (and agree with) the amount of the interest rate and the amount of the monthly payments you are being asked to pay.
- If your interest rate is an adjustable interest rate, do you know how much your monthly payments will increase when the interest rate goes up? If they go up and you can't pay,

then you can lose your home in foreclosure.

- When it comes time to sign the final loan papers at the closing, have someone there with you that you can trust to help you understand the papers that you will be asked to sign. You will be asked to sign many papers. Take your time. Make sure you know and understand what you are signing. Do not let anyone pressure you to sign papers until you are ready to sign them.
- Get copies of any loan papers that you sign, and keep these copies for your records.
- Don't panic if you sign the loan papers and you want to get out of the loan. There should be a Notice of Cancellation in the loan papers the lender gave you when you signed the final loan papers at the closing. Read carefully the instructions in the Notice of Cancellation. For most people, the envelope containing the Notice of Cancellation must be postmarked no later than midnight of the 3rd business day following the day the loan papers are signed. Make sure you have proof that shows the day you sent the notice of cancellation to the lender — for example, before you drop it in the mail, go to the post office, and ask about getting a proof of mailing.

REMEMBER

If you don't like it, or

can't understand it,

you shouldn't sign it!

If you do have problems, it is important to act as quickly as possible. These organizations may be able to help:

- Better Business Bureau 330-454-9401
- Catholic Charities Housing 330-762-7481
- Consumer Credit Counseling Services 330-861-0908
- NHS of Cleveland 216-458-4663
- Rural Opportunities. Inc 330-821-4770

This handout is meant to give you general information and not to give you specific legal advice. Prepared by Community Legal Aid Services, Inc. Info updated April 2012.

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