

If you need an accommodation for a disability in order to file a complaint, please contact the Division for assistance.

www.dora.state.co.us/civil-rights

If you are Hearing Impaired, to call CCRD, dial: 711
Bilingual staff available (Spanish/English)

DENVER

1560 Broadway, Suite 1050
Denver, Colorado 80202
303.894.2997/800.262.4845
email: CCRD@dora.state.co.us
fax: 303.894.7830

GRAND JUNCTION

222 South 6th Street, Suite 301
Grand Junction, CO 81501
970.248.7303 or 970.248.7304
email: CCRD@dora.state.co.us
fax: 970.242.1262

PUEBLO

200 West B Street, Suite 234
Pueblo, CO 81003
719.542.1298
email: CCRD@dora.state.co.us
fax: 303.869.0498



DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.



*Consumer protection
is our mission*

Colorado Civil Rights Division Department of Regulatory Agencies

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303.894.2997/800.262.4845 telephone
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V/TDD: Dial 711 for Relay Colorado
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Understanding Predatory Lending



**Get the facts before you purchase
or refinance your home**

Colorado Civil Rights Division



Dora
Department of Regulatory Agencies



What is Predatory Lending?

- A loan designed to strip equity from the owner of the property
- An unaffordable or unreasonable loan designed to be refinanced repeatedly
- A deceptive loan designed to force the owner into foreclosure

What Do I Need to Watch Out For?

- A loan with payments you cannot afford
- Product Steering – being guided toward a loan that is not in your best interest
- Excessive fees and points paid to mortgage lenders, real estate brokers or appraisers
- Flipping (Repeated Refinancing)
- Prepayment Penalties without disclosure
- Single Premium Credit Life Insurance policies
- Daily Interest changed when payments are late
- Upfront fees or costs just for making a loan application

Predatory Loan Indicators & Sales Practices

- Aggressive solicitations to targeted neighborhoods
- Steering due to protected class to high rate lenders
- Home improvement scams
- Purposely structuring the loan with payments the buyer cannot afford

- Falsifying loan applications such as inflated income level, assets or incorrect age
- Changing loan terms at closing
- Loans in excess of 100% of the value of the property
- Adding insincere co-signers
- Making loans to mentally incapacitated homeowners
- Failure to provide accurate loan payoff amounts
- Forging signatures on loan documents
- Paying off lower interest mortgages

Predatory Loan Terms

- Inflated appraisal values
- Excessive broker fees
- High points
- High annual interest rates
- Padded closing costs
- Balloon payments
- Negative amortization
- Required credit insurance
- Required homeowners insurance with a particular company
- Falsely identifying loans as lines of credit
- Itemizing duplicate services and charging separately



Never...

- Sign a blank document or anything to be filled in later
- Sign anything you don't like or don't understand
- Trust an ad promising "No credit? Bad credit? No problem."
- Be afraid to ask questions and seek outside advice
- Stop making your current house payments while you wait to close on a loan

What You Can Do:

- Be cautious of trusting someone you just met that wants to be your best friend and sell you something at the same time

- Get a Second Opinion from another lender
- If you are refinancing, you have the legal right to change your mind up to three days after the loan closes
- If it sounds too good to be true, it probably is

Before Signing Loan Documents, You Have The Right To Know:

- The monthly payment amount
- The total cost of the loan (the amount you must repay including interest and fees)
- The annual percentage rate
- How long you have to pay back the loan
- If there is a prepayment penalty
- Whether taxes and insurance are included in the payment
- If there is a balloon payment (lump sum due)

Shop Around



- Don't get pressured into signing anything until you feel comfortable
- Seek advice or call another lender before you decide

Discriminatory Predatory Lending

If you feel you have been the victim of predatory lending because you are a member of the following protected classes:

- | | |
|----------------------|-------------------|
| • Race | • Familial Status |
| • Color | • National Origin |
| • Religion | • Marital Status |
| • Sex | • Creed |
| • Sexual Orientation | • Ancestry |
| • Disability | |

Get in touch with the Colorado Civil Rights Division.