



- [Home](#)
- [About the Office](#)
- [US Attorney](#)
- [Report A Crime](#)
- [Victim/Witness Resources](#)
- [Mortgage Fraud Task Force](#)
- [U.S. v. DeMarco REI, Inc. et al.](#)
- [Court Schedule](#)
- [Media](#)
- [U.S. Attorney's Quarterly](#)
- [Recruitment Brochure](#)
- [Summer Internships](#)
- [Employment](#)
- [District Programs & Initiatives](#)
- [Contact Us](#)
- [Regal Restitution](#)
- [Pharma/Device Special Focus](#)
- [Procurement Opportunities](#)

## Predatory Lending

- [What is Predatory Lending?](#)
- [Tips to Protect Your Home](#)
- [Red Flags](#)
- [Consumer Publications](#)
- [Credit Agencies](#)
- [Contacts - Housing and Credit Counselors](#)
- [Contacts - Law Enforcement](#)

 

### What is Predatory Lending?

Predatory lending practices, broadly defined, are the fraudulent, deceptive, and unfair tactics some people use to dupe us into mortgage loans that we can't afford. Burdened with high mortgage debts, the victims of predatory lending can't spare the money to keep their houses in good repair. They strain just to keep up their mortgage payments. Often, the strain is too much. They succumb to foreclosure. Their houses have been taken – stolen – from them.

Run down and vacant houses – the inevitable result of predatory lending – wreak havoc on neighborhoods. Property values fall. People move away. Once sturdy neighborhoods start to crack, then crumble. Something that has been so important for so many people lays in ruins. Everyone who lived in a neighborhood destroyed by predatory lending becomes a victim.

The United States Attorney's Office has made combating predatory lending a priority for the United States Attorney's Office. The Office is taking a comprehensive approach to addressing the problem of predatory lending. It is: education, prosecution, and remediation.

**EDUCATION.** An educated consumer is the predatory lending syndicate's worst customer. Educated consumers know what loans are right for them and where to find them. Patrick Meehan has produced a brochure, which you can find on this web site, that is helpful in explaining the dangers of predatory lending and that provides tips for consumers to help them avoid predatory loans. Read it. Give it to your friends and neighbors.

**PROSECUTION.** The Office has prosecuted and will continue to prosecute the worst predatory lenders. The Office can use your help. Pay attention to what is going on in your community. If something looks suspicious, check it out. Report it.

### Tips To Protect Your Home

**Get help!** There are scores of housing and credit counselors who can help you decide whether a loan is right for you. Look on the back of this brochure for contact numbers.

**Know your credit rating.** Get your credit report. We list credit agencies in this brochure. If you have credit trouble, fix it.

**Trust your instincts.** If it sounds too good, it probably isn't true. Many predatory lenders are slick salesmen. They know how to talk. They don't always tell you the whole truth. If a deal doesn't sound right to you, then don't do it.

**Ask questions; demand answers.** Predatory lenders will try to fool you by making your loan confusing. If you don't understand anything, ask. Demand an answer.

**Read everything.** Get all the loan documents before closing. Don't sign anything until you have read it. If there is something incorrect, fix it. If you're confused about something, ask.

**Don't fall for a "bait and switch."** If what you read in your loan papers is not what you wanted, expected, or agreed to, don't sign. Be prepared to walk out.

**Learn about your loan.** There are many organizations that produce publications that can be helpful. We have listed some of them in this brochure.

**Shop around.** There are lots of people who may be willing to give you a loan. Most of them are honest, responsible people. Find them. Call as many banks as you can. Look in your newspaper's real estate section for advertisements. Go to the library and search the internet; try "mortgage," "mortgage rate," and "mortgage companies."

**Take your time.** A predatory lender will try to rush you so you can't ask questions. Take all the time you need to understand what your deal is.

**Say "No."** Don't let someone talk you into something you really don't want or need. Also, it's okay to change your mind.

**Never let a contractor get a loan for you.** If you are doing home improvements, a contractor may tell you that he can get a loan for you. Don't let him. Find the loan yourself; it will be cheaper.

**Don't make final payment to a contractor until all the work is done.** Some contractors

may ask you to sign over checks to them or to sign so-called "completion certificates" before they finish the work on your house. Don't. Make sure you're happy with the work on your house before you give any money to a contractor.

**Avoid pre-payment penalties.** If possible, don't take a loan that penalizes you for re-financing. You may get stuck in a loan that you can't get out of.

**Don't lie.** No matter what anyone else may tell you, it's not okay to lie on a form, even a little. If you get a loan based on false documents, you may be getting in over your head. You won't be able to afford the loan.

**Report wrongdoing.** If you learn that someone did something illegal, report it. There are contact numbers on this brochure.

### Red Flags

**Aggressive solicitations.** Whose idea was it to get this loan? Did someone sell it to you? Be wary of anyone who came to you trying to sell you a loan. If you need a loan, shop around for it yourself.

**Loan flipping.** Loan flipping is pressuring you to re-finance your loan over and over. Before you re-finance, make sure a new loan makes you better off. For instance, do not refinance a low interest loan into one with a higher interest rate. See a housing counselor.

**High fees.** Look at your Good Faith Estimate of Costs and your settlement sheet. Do you know what each fee is for? If not, ask. If your total fees are more than 5% of your loan, that's probably too much.

**Property taxes.** If you don't save enough money to pay your tax bill, a predatory lender will try to lend you money for your taxes. You may want to have your taxes "escrowed." That means that you will put aside some money each month for your taxes.

**Balloon Payments.** A balloon payment is one very large payment you make at the end of the loan. Predatory lenders like balloon payments because they can tell you that your monthly payment is low. The problem is that you may not be able to make the payment and will need to re-finance. You'll need a new loan with new fees and costs.

**Consolidating debt.** It's not always a good idea to pay off your credit cards with a mortgage loan. If you can't pay your credit cards, it's almost impossible for someone to take your house. If you consolidate, however, your house is collateral. Consolidating means you risk losing your house to pay your credit cards.

### Consumer Publications

Many government organizations publish consumer materials about predatory lending. If you do some research on your own on the internet or at the public library, you will likely find more information.

Federal Trade Commission Bureau of Consumer Protection	877-FTC-HELP (382-4357) <a href="http://www.ftc.gov">www.ftc.gov</a>
Federal Consumer Information Center	800-688-9889 <a href="http://www.consumer.gov">www.consumer.gov</a> <a href="http://www.pueblo.gsa.gov">www.pueblo.gsa.gov</a>
U.S. Department of Housing and Urban Development	202-708-1112 <a href="http://www.hud.gov/consumer">www.hud.gov/consumer</a> <a href="http://www.hud.gov/offices/hsg/sfh/pred/predlend.cfm">www.hud.gov/offices/hsg/sfh/pred/predlend.cfm</a>
The Federal Reserve Bank	202-452-3245 <a href="http://www.federalreserve.gov/consumers.htm">www.federalreserve.gov/consumers.htm</a>

### Credit Agencies

Equifax	800-685-1111 <a href="http://www.equifax.com">www.equifax.com</a>
Experian	888-397-3742 <a href="http://www.experian.com">www.experian.com</a>
TransUnion	800-916-8800 <a href="http://www.transunion.com">www.transunion.com</a>

### Contacts - Housing and Credit Counselors

City of Philadelphia/Philadelphia Legal Assistance Predatory Lending Hotline	215-523-9520
--	--------------

(for Philadelphia residents)	
Counselors approved by the U.S. Department of Housing and Urban Development	888-466-3487 <a href="http://www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm">www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm</a>
Counselors approved by the Pennsylvania Housing Finance Agency	800-342-2397 <a href="http://www.phfa.org/lenders/counselingagencies/counselingagencies.aspx">www.phfa.org/lenders/counselingagencies/counselingagencies.aspx</a>

**Contacts - Law Enforcement**

Office of the United States Attorney for the Eastern District of Pennsylvania	215-861-8200
U.S. Department of Housing and Urban Development, Fair Housing Enforcement Office	888-799-2085
Federal Trade Commission	877-FTC-HELP (877-382-4357)
Office of the Pennsylvania Attorney General, Bureau of Consumer Protection	800-441-2555
Commonwealth of Pennsylvania, Human Relations Commission	215-560-2496
Commonwealth of Pennsylvania, Department of Banking	717-787-2665

Benjamin Franklin Photo by B. Krist for the Greater Philadelphia Tourism Marketing Corporation