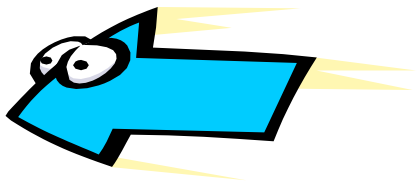


**READ
CAREFULLY**

**THIS
INFORMATION
COULD SAVE
YOUR HOME!!!!**



**SENIOR CITIZENS' LAW
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The Senior Citizens' Law Office is funded in part by the City of Albuquerque Area Agency on Aging, Bernalillo County grant, State of New Mexico's the Civil Legal Services Commission (CLS), State Bar Pro Hac Vice grant, McCune Charitable Foundation, and United Way of Central New Mexico.

10/09



General guide to
avoid:

**Predatory
Lending**



**IF YOU ARE GOING TO
BORROW MONEY, KEEP
PREDATORS OUT OF YOUR
HOME!!!!!!**

WHAT IS PREDATORY LENDING?

"Predatory Lending" describes the practice of making unfair loans to consumers. These loans are often secured by the consumer's home which will then be taken away by the lender once the consumer fails to make timely loan payments.

WHY DOES PREDATORY LENDING OCCUR?

There is so much complex paperwork and reading required when borrowing money that most consumers become overwhelmed and confused. Because most consumers are seeing these confusing terms for the first time, lenders (who have a complete understanding of the contract terms and their consequences) can easily include predatory terms in the contract without the consumer's knowledge.

WHY ARE SENIORS SO OFTEN FALLING VICTIM TO PREDATORY LENDING?

Predatory Lenders target the elderly because they are known to be "Equity Rich and Cash Poor". This means that seniors tend to have a lot of money invested in their home and often have no cash in the bank. Therefore, when a senior faces medical or other necessary expenses, (s)he is vulnerable to lenders who offer cash in exchange for the equity saved up in the senior's home.

WHAT IS A PREDATORY LOAN?

There are many different types of predatory loans. Generally a loan is predatory when the terms of the loan require the consumer to:

- Pay too much money up-front to get the loan (costs, points, and fees);
- Pay too high an interest rate on the loan (yearly interest rate and/or APR);
- Not receive any real monetary benefit from the loan;
- Pay for unnecessary items;
- Make unreasonably high monthly loan payments in relation to the consumer's monthly income; and
- Falsify information or make untrue statements.

BE CAUTIOUS!!

Lenders will only write a loan if it will make them money. There are hundreds of places in the loan paperwork where lenders can hide costs. It is important that you understand all of the terms you are agreeing to. You should not feel pressured into signing a loan. You are allowed to review the paperwork away from the lender and with someone you trust.

SHOP AROUND

There are many lenders in New Mexico and it is important that you "shop around" and choose the one who will give you the best loan. To borrow money is a very important decision and requires serious consideration.

LET US HELP YOU

If you are:

1. over sixty years old;
2. live in Bernalillo, Torrance, Valencia, and Sandoval counties;
3. suspect that your loan may be unfair

please contact our office so we may help you determine whether you are the victim of a predatory loan. We are open from 8:30 through 5:00 p.m., Monday through Friday and can be reached by telephone at (505)265-2300.

If you are younger than 60 years old or live outside of the above-named counties please contact one of the following offices:

- The United South Broadway Corporation at (505) 764-8867
- The Lawyer Referral for the Elderly at (505) 797-6005
- The Association of Community Organization for Reform Now (ACORN) at (505) 244- 1090
- The New Mexico Attorney General's Office at (800) 678-1508