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- High-pressure sales tactics requiring you to sign a loan contract right away. If the offer is good today, it should probably be good tomorrow after you have reviewed the contract and consulted a knowledgeable, uninvolved advisor.

Be wary of brokers who attempt to steer you into a home-equity line of credit (HELOC) when you are applying for a “high-rate/high-fee” real estate loan. (See “Your Rights Under the Federal Truth in Lending Act” section on page 24.) These loans do not offer the same protections as a “covered loan.” If a broker is steering you into a HELOC that you did not ask for, he or she may be attempting to evade the covered loan law. A broker has a responsibility to you as your agent to discuss all possible loan options and inform you of the advantages and disadvantages of each. You should not be pressured or steered into applying for a loan that is not suitable for your needs or ability to pay.

## KNOW WHAT YOU CAN AFFORD

- Manage your money wisely, as your credit history is your responsibility.
- Carefully review your income and expenses and always borrow within your budget.
- If purchasing a home, you normally need to have enough savings to cover a down payment of 5 percent to 20 percent of the purchase price plus an additional 3 percent to 7 percent of this price for closing costs. If you do not have the down payment, you may be able to qualify for a loan under various government programs that are available.
- Do not inflate your earnings or provide false information to qualify for a loan as the lender’s borrower qualifications are based on what an individual or family must earn to afford the mortgage payment.
- Do not bet on future income increases as there are no certainties in the future, but it is a certainty that you could face the loss of your home and all of the money you paid on the loan if you cannot make the payments due to unforeseen events.
- The law requires mortgage brokers and lenders to notify you of your right to review your credit score and the key factors affecting your credit score. Obtain a copy of your credit report to verify that it accurately reflects your credit history.