

## HOW?

1. Scam artists scare the elderly into thinking they will never be able to sell their homes. Then these scam artists buy the homes for far less than they are worth.
2. Sellers make a house appear to be in better condition than it is.
3. Appraisers establish the value of the house at a higher amount than it is actually worth.
4. Legal documents associated with the deal may not be complete or accurate.
5. Lenders give buyers inflated mortgages that are insured by the Federal government. The Federal insurance pays for the **lender's** losses, **not** the buyer's.
6. Other lenders convince uninformed, first time homebuyers to mortgage more than the house is worth.

## BE A SMART CONSUMER!

**BEFORE** you sign a contract to buy or sell a house, follow these six important steps.

1. Meet with a Housing Counselor. This service is usually **free**.
2. Use a real estate professional to help you shop for (or sell) a house and negotiate on your behalf.
3. Hire a housing inspector to inspect the property and examine the report carefully. It will disclose defects and repairs that the house needs. *You may require the seller to finish the repairs before you purchase the house. Remember that an appraisal is **not** the same as a home inspection.*
4. Choose your own lender. Go shopping and compare costs. *Be suspicious if anyone tries to steer you to a lender.*
5. Read everything carefully. Ask questions. Take time to understand the deal. Have it reviewed by an attorney skilled in real estate law.
6. Do **NOT** let anyone rush you into signing a contract. See a counselor first. Do **NOT** sign any document before reading every word and examining the house yourself. If you do not fully understand, ask **someone you trust, who is not involved in the transaction**, to explain all its terms and conditions to you. Know what you are signing before you sign.

**Get free counseling from a non-profit organization or attend a homeownership education class before you shop for a loan. They can help you understand the various loans, how they work, and how to shop for the best terms.**

## HUD-APPROVED HOUSING COUNSELING AGENCIES

### **Catholic Charities**

712 North School Street  
Honolulu, HI 96817  
528-5233

### **Legal Aid Society of Hawaii**

924 Bethel Street  
Honolulu, HI 96813  
Oahu: 536-4302  
Neighbor islands: 1-800-499-4302

### **Hale Mahaolu**

200 Hina Avenue  
Kahului, HI 96732  
872-4114



Call

### **Hawaii State Office of Consumer Protection**

Honolulu office (main location):  
235 South Beretania Street, Suite 801  
Honolulu, HI 96813  
7:45 a.m. - 4:30 p.m. (Monday – Friday)  
Phone: 586-2630  
[www.state.hi.us/dcca/ocp/](http://www.state.hi.us/dcca/ocp/)  
*Investigates consumer complaints alleging unfair or deceptive trade practices, in a broad range of areas, including advertising, refunds, motor vehicle rentals, door-to-door sales, credit practices.*

## Mortgage Borrowers' Rights

- You have the RIGHT to shop for the best loan for you and compare the charges of different mortgage brokers and lenders.
- You have the RIGHT to be informed about the total cost of your loan including the interest rate, points and other fees.
- You have the RIGHT to ask for a Good Faith Estimate of all loan and settlement charges before you agree to the loan and pay any fees.
- You have the RIGHT to know what fees are not refundable if you decide to cancel the loan agreement.
- You have the RIGHT to ask your mortgage broker to explain exactly what the mortgage broker will do for you.
- You have the RIGHT to know how much the mortgage broker is getting paid by you and the lender for your loan.
- You have the RIGHT to ask questions about charges and loan terms that you do not understand.
- You have the RIGHT to a credit decision that is not based on your race, color, religion, national origin, sex, marital status, age, or whether any income is from public assistance.
- You have the RIGHT to know the reason if your loan was turned down.
- You have the RIGHT to ask for the HUD settlement costs booklet "Buying Your Home."



<http://www.hud.gov>

<http://www.hud.gov/offices/hsg/pred/predlend.cfm>

## WATCH OUT for the PREDATORS!



- Crooked Appraisers
- Unscrupulous Lenders
- Conniving Investors
- Home Improvement Scam Artists

They can prey on uninformed, first time homebuyers and seniors by failing to disclose the truth about a house, the terms of a mortgage or costs associated with a second mortgage or home equity loan.

## DON'T BE A VICTIM!

If a deal to refinance a house or get money from your investment **sounds** too good to be true, it usually is. Beware of predatory lending schemes. In communities across America, some people are using *refinancing scams* to cheat seniors out of their major lifetime savings – their homes. Others practice *flipping*: buying vacant, poorly maintained or defective homes, making minor, mostly cosmetic repairs and selling the homes for up to **twice** the price they paid for them. Both prey on uninformed homeowners, seniors or first-time homebuyers by failing to disclose the truth about the house or the mortgage. Some unethical sellers, lenders and appraisers work together to make big profits from these transactions.