

Summer 2006

My Name is Jeanette and I Will Probably Lose My Home in 2007 Due to Predatory Lending.

I'm sorry to say, this is a true story, written in my own words. I now know where the term "Loan Shark" came from, and their term for people like me . . ."Sucker!" This is my story. I hope it will be a warning to anyone else out there who is considering refinancing his or her mortgage. I am amazed at all the bad decisions I was talked into.

The only other time I had bought a house was with my husband in 1978 . I lived in that house until 1999 when our thirty - year marriage came to an end. My ten -year old daughter and I moved into a small apartment that I rented until 2004. With rent going up every year, I was finding it more difficult to make ends meet. To my surprise I qualified for a home loan, and the hunting process began. We were so excited to be buying our very own place. We were still limited to small condos and town homes, but at least I would be putting money into something that was mine. We looked at many before falling in love with a two-story condo. Everything was ready. The loan had been approved and it had passed inspection. The day to close came, and the movers were ready to transfer our belongings the same day. This was July, 2003. The price of the condo was \$139,000. I had taken \$22,000 out of an IRA account for a down payment. The morning of closing my realtor called to tell me she had just talked to the mortgage broker and apparently the lender had changed the interest rate at the last minute. Instead of a 4.8% loan it jumped to a 5.3% thirty year fixed loan. My payments were now jumping from about \$650 a month to \$750 a month, plus an HOA fee of \$100.00. We loved our new home, and so I went ahead with the loan thinking we would just cut back here and there. Yea, right.

A year went by, and it was very hard to make my paycheck stretch to cover expenses. I received tempting advertising in the mail weekly about my wonderful credit, and how I could re -finance and lower my monthly payments, almost cutt ing them in half. I paid no attention to them until one day I was feeling especially stressed out about money, and decided to call the lady who had sent the advertisement from "Creative Mortgage". They were offering me a 4.25% loan with a 10 -year arm. Also, I was told I had been approved for an additional \$4,000, and was given a booklet of 10 checks that could be used up to the \$4,000. All very well. My payments were lower for now at least, and I felt like I had done the right thing.

A few months later we were planning on taking a trip to Iowa, and my 15 year -old car was showing signs of needing repairs. I took it to two different places; both gave me estimates of over \$3,000, the value of the car being at about \$900, neither recommended making the repairs needed, but getting a different car. Now, I thought, wouldn't that \$4,000 come in handy right now. This was my downfall. My big mistake - I called Creative Mortgage to make sure those blank checks were OK to use and lo and behold **they were not**. I had **not** evidently been approved for an additional \$4,000 as I thought. "But not to worry. Brian with Creative Mortgage would take care of everything. He would refinance the loan, get me the money I needed, and better yet would find me a car through a connection he had. There would be no additional finance charge for re-doing this loan, as there had been a mistake on their part regarding the useless checks." I was skeptical, but desperate for dependable transportation. I assured him that I didn't want the loan for any more than what I would need for the car, but he insisted it be more so I would have a cushion – a little extra just in case.

Bottom Line – I started with a loan of \$117,000, (remember the \$22,000 I took out of my IRA account. I owed \$5,000 in taxes on that in 2004). After a total of \$16,000 in refinancing charges for the two loans, (remember, the last loan was suppose to have no additional charges), a \$5,900 Ford Focus, (not a car I would have chosen for myself), and a few thousand extra dollars that I have quickly gone through, I have a 2 year ARM loan for \$152,000 at 6.5%. My payments are \$960 a month plus my HOA fee of \$100. My take home pay doesn't begin to meet my expenses. I have dropped my daughter's health insurance in hopes of making ends meet, but I live with the fear that next May at this time when the ARM Loan is up, my payments will be even higher. The appraised value is nowhere near the \$152,000 I owe, and I am so afraid of loosing it all.

I have discussed my predicament with several different people and financial advisors, but I'm afraid what's done is done. I somehow thought I could get out of this mess – I figured wrong. There is no way out, and now selling doesn't even look like much of an option.

**PLEASE – don't be afraid to seek expert advise of HUD Approved Counselors
before making a financial decision of any magnitude– you will find them listed on this website.**

! only wish I had known all of this information before.

And please remember, if you are in trouble financially with your mortgage, there is no quick fix. There is no easy way out solved by a flyer on your door! Talk to professional HUD Approved Counselors and explain your problems, ask questions and learn what your options are. And never, never call or reply to any companies that send you flyers or coupons promising lower interest rates and debt reduction. **Get HUD Approved Counseling and then look for financial solutions! - By Jeanette D., Littleton, Colorado**