



Sunday Column

By Kim Bragman, 2020 Chairman

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Warning signs of scams and unfavorable loan terms

The impact of COVID-19 has led to financial struggles for homeowners across the nation. In fact, a recent study conducted by OnePoll in conjunction with the National Association of REALTORS® discovered that more than 8 out of 10 American homeowners – 81% – the COVID-19 pandemic has caused them unexpected financial distress.

The effects of COVID-19 have led to some homeowners taking desperate measures to ensure they can protect their investments. Scamming activity increases during times like these, so homeowners must remain vigilant and be cautious of offers that sound too good to be true.

Here are some warning signs of scams and unfavorable loan terms:

- **Sounds too easy.** “Guaranteed approval” or “no income verification” regardless of borrower’s current employment, credit history, and assets.
- **Large future costs.** High-risk adjustable rate mortgages where payment rises significantly after the “teaser rate” period is seldom appropriate for families who already have had problems repaying other loans.
- **Barriers to refinancing.** Prepayment penalties that make it hard for a borrower to refinance in order to pay off a high-cost loan by taking advantage of a low-cost loan.
- **No down payment loans.** These loans may be split into two mortgages, with one having a much higher cost. Homebuyers should be sure they can afford the payments.
- **Unethical document management.** Ethical lenders and brokers will never ask you to sign a blank document or a document dated before the date you sign.

If you are a homeowner who is struggling or unable to meet your loan obligations, work with housing experts and your lender to find a solution, today. Don’t wait until you fall behind to seek help. Acting quickly may help you keep your home and the money you have already invested into it.

REALTORS® are in the business of helping people become homeowners and want to do everything they can to make sure you can afford to stay in your home and remain cautious of potential scams. If your current lender isn’t willing or in position to help, you may be able to refinance your current mortgage with another lender. REALTORS® may also be able to help you find responsible lenders that offer fair and affordable loans.

For more information on buying or selling your home and home ownership visit SABOR.com and use a San Antonio area REALTOR®.

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