

Predatory Loans Can Make Homebuyers Prey

(NAPSA)—Purchasing a home is a complicated endeavor, but many homebuyers find the process of securing a mortgage to be especially daunting. With a growing trend of “predatory” lending, they have good reason to think that.

Predatory lending is hard to define, but generally subprime loans are considered predatory if they incorporate “abusive” terms that can strip equity in the property from the mortgagee through excessive interest rates, points or other fees unrelated to the lender’s increased risk. But not all subprime loans are predatory.

Some homebuyers, due to their credit history or other factors, can qualify for only a subprime mortgage, which is a home loan provided by a lender at an interest rate higher than “prime,” the rate lenders charge buyers with more established credit histories. There are, however, “toxic” mortgage terms that subprime borrowers should avoid, such as: high prepayment fees that make it very costly, even impossible, to refinance to a less expensive loan and mandatory arbitration clauses that deny borrowers access to the courts to settle disputes.

This can all sound very scary, but homebuyers don’t have to be alone in their quest for their new home. “We’re taking a strong stance against the practice by some unconscionable lenders to trap consumers into toxic loans that benefit the lender and not the consumer,” said Al Mansell, president of National Association of REALTORS® and CEO of Coldwell Banker Residential Brokerage in Salt Lake City. He recommends that homebuyers learn the



consequences of some subprime loans that work against their best interests.

To help with that education process, and with the other tasks associated with a home purchase, buyers can consult an Accredited Buyer’s Representative (ABR®). Agents who have earned the ABR® designation have taken specialized training that addresses the many aspects of the home purchase process. That training is then backed up with the experience to keep their clients’ best interests top of mind.

The ABR® designation is awarded by the Real Estate Buyer’s Agent Council (REBAC). Founded in 1988, and a wholly-owned subsidiary of NAR, REBAC was a pioneer in buyer representation and remains a vital player. The organization advocates quality buyer representation services through its education programs for real estate agents, culminating in the Accredited Buyer Representative (ABR®) designation.

To find an ABR®-designated agent—and receive your free Homebuyers Kit—visit the Web site at www.REBAC.net or call 800-648-6224.