

The Home Improvement Loan Scam

A contractor calls or knocks on your door and offers to install a new roof or remodel your kitchen at a price that sounds reasonable. You tell him you're interested but can't afford it. He tells you it's no problem - he can arrange financing through a lender he knows. You agree to the project, and the contractor begins work. At some point after the contract begins, you are asked to sign a lot of papers. Later, you realize that the papers you signed are a home equity loan. The interest rate, points and fees seem very high. To make matters worse, the work on your home isn't done right or hasn't been completed, and the contractor, who may have been paid by the lender, has little interest in completing the work to your satisfaction.

You can protect yourself from inappropriate lending practices. Here's how.

>**Don't** agree to a home equity loan if you don't have enough money to make monthly payments

>**Don't** sign any document you haven't read or any document that has blank spaces to be filled after you sign

>**Don't** let anyone pressure you into signing any document

>**Don't** deed your property to anyone. First consult an attorney, a knowledgeable family member, or someone else you trust.

>**Don't** agree to financing through your contractor without shopping around and comparing loan terms.