

# **CAMB'S CONSUMER PROTECTION CAMPAIGN**

## *FREQUENTLY ASKED QUESTIONS*

### ***What must consumers look out for when considering a mortgage loan?***

Although most loan originators are reputable professionals committed to customer satisfaction -- as with all industries -- there are those dishonest few who take advantage of a consumer's lack of knowledge. Consumers must guard themselves against these individuals that participate in what is known as "predatory lending." Predatory lending practices include purposeful actions taken by a lender to provide a loan without providing consumers with the information necessary to make a knowledgeable decision. Examples of predatory lending practices include hidden or exorbitant fees, the sale of unnecessary insurance, and the making of loans based solely on the worth an individual's home rather than their ability to make the monthly payments.

Targets of predatory lending practices often include those who fail to qualify for loans from traditional financial institutions, specifically the elderly and those with limited incomes. For these people, borrowing against their home to pay for more expensive fee-padded loans can result in higher interest rates and the subsequent loss of their home because they cannot afford the loan payments. Unchecked, predatory lending has the potential to destroy consumer confidence and undermine the integrity of the lending industry.

### ***How Can Consumers Protect Themselves?***

Education is key to stopping predatory lending practices, and the California Association of Mortgage Brokers (CAMB) has launched a statewide education campaign to help consumers recognize and avoid predatory lending practices and practitioners. CAMB recommends that consumers ask questions throughout the loan process. They should demand a complete explanation of all fees and question all loan terms that are confusing. To guard against predatory lending practices, the most important question is whether the lender is a CAMB member.

### ***What Is CAMB Doing to Stop Predatory Lending Practices?***

CAMB believes consumer advocacy within the lending industry is crucial to ending predatory lending practices. Representing nearly 3,000 professionals throughout California, the Association's primary objectives are to raise industry standards, increase consumer understanding of mortgage originator services and to expand access to home ownership to all Californians. CAMB members adhere to the Association's Code of Ethics and Standards of Professional Practice, which prescribe the highest level of ethical and professional guidelines.

Additionally, CAMB's consumer tips are designed to help consumers protect themselves from becoming a victim of predatory lending practices. The tips will help ensure consumers are armed with the knowledge necessary to make informed decisions when choosing a loan or loan provider.

### ***Doesn't The Passage Of Assembly Bill 489 Offer Sufficient Consumer Protections Against Predatory Lending Practices?***

In this case, CAMB believes an ounce of prevention is worth a pound of cure. The new law is a reactive approach, prescribing penalties for those engaging in these deceptive practices. It cannot completely prevent people from being taken advantage of by dishonest operators. And while it is important to have strong laws against predatory lending practices, consumer awareness is the only way to prevent these unethical practices from occurring. CAMB is working hard to ensure consumers can protect themselves, their families and their property.

### ***How can consumers find a CAMB member in their community?***

CAMB members can be identified by their use of the CAMB logo on their informational materials. Look for it when choosing a mortgage professional. Additionally, CAMB provides free referrals to help consumers locate, interview and select a member in their area. This service is available online at [www.cambweb.org](http://www.cambweb.org) or by calling 1-800-253-2262.

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