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Jessi Virtusio, *Star columnist*

Need a loan? First do your homework

When it comes time to borrow money, consumers need to do their homework, especially when it comes to refinancing a mortgage or obtaining a home equity loan.

According to the Attorneys' Title Guaranty Fund Inc., which has a membership of 3,500 independent real estate attorneys, predatory lenders often contact their victims through cold calls.

The ATG said predatory lenders also can be "referred" by a disreputable source such as a home repair company trying to convince someone to borrow money to pay for its services.

"The information that they are trying to entice the consumer with looks so good that the individual consumer might want to believe that it is, in fact, true," said Naomi Schuster who runs a law firm in Palos Heights.

But Schuster, who has been a practicing attorney for 24 years and an ATG member for more than two decades, warned that what a consumer thinks he or she is getting might not be the case when the deal becomes finalized.

"Ultimately it could cost them their house, their residence and furthermore, it could cost them a good credit rating if they are encouraged to secure a loan or sign up themselves to payments they are unable to meet," she said.

Although Schuster has not observed predatory lenders targeting a particular group, she said the older population is more vulnerable to this type of bad deal.

"It's looks very enticing for older couples or individuals who may have owned their home for a number of years," said Schuster, who also has worked with the Illinois State Bar Association in elder law.

"They become susceptible to lenders who might be attempting to provide them with an answer or a way out of a cash-poor situation when in fact they might be actually putting their home and life savings at risk."

Schuster said consumers can protect themselves from predatory lenders by contacting more than one lender.

"(Consumers) need to know what is the prevailing sentiment in the marketplace to know what products are available and to make an informed decision as to what products basically suit their needs," she said.

And for those who don't want to go it alone, retaining an attorney might be best.

"Contact your attorney first," Schuster said. "Many times by the time the client will contact the attorney, little can be done in order to address certain issues."

Schuster said it's also important to get whatever deal is offered in writing.

More information on the Law Office of Naomi Schuster in Palos Heights is at (708) 448-8081.

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