



1700 G Street NW, Washington, DC 20552

To: Company ABC

Re: Your Mortgage Credit Product Advertisements

Date: November 19, 2012

This letter is to advise you that you may have advertised a mortgage credit product or service in a misleading manner in violation of federal law.

The CFPB enforces federal consumer financial laws, including laws that prohibit material misrepresentations in advertisements for mortgage credit products. The Mortgage Acts and Practices – Advertising rule,¹ or “MAP Rule,” provides that it is a violation of federal law for any person to make a “material misrepresentation, expressly or by implication, in any commercial communication, regarding any term of any mortgage credit product.”² A mortgage credit product is “any form of credit that is secured by real property or a dwelling and that is offered or extended to a consumer primarily for personal, family, or household purposes.”³ The CFPB also enforces 12 U.S.C. § 5536(a)(1), which prohibits unfair, deceptive, or abusive acts or practices in connection with consumer financial products or services, including in the marketing or sale of mortgage credit products.

We have reviewed one or more of your mortgage advertisements and it appears that they may violate federal law to the extent that they: (1) suggest, through the incorporation of “Government Loan Department” in your company’s return address at the top of the advertisement, the use of a logo very similar to that of the United States Department of Housing and Urban Development, and the prominent display of a website address that includes the initials of the Federal Housing Administration, that your company is affiliated with a government agency or government-sponsored program; (2) suggest that consumers who enter into a reverse mortgage will have “no payments,” notwithstanding that such consumers may continue to be responsible for tax and insurance payments; (3) indicate that a consumer is pre-approved for, or guaranteed, specific loan rates or terms; and (4) indicate that a consumer entering into a reverse mortgage will have the opportunity to receive a discount on existing credit card debt in connection with the loan. Copies of the advertisements referred to in this letter are attached hereto for your reference. While this letter refers specifically only to the attached advertisements, you should also consider whether other advertising you disseminate in any form, including internet advertisements, may require modification in order to comply with federal laws.

¹ See 12 C.F.R. Part 1014.

² *Id.* at § 1014.3.

³ *Id.* at § 1014.2.



1700 G Street NW, Washington, DC 20552

To: Company XYZ
Re: Your Mortgage Credit Product Advertisements
Date: November 19, 2012

This letter is to advise you that you may have advertised a mortgage credit product or service in a misleading manner in violation of federal law.

The CFPB enforces federal consumer financial laws, including laws that prohibit material misrepresentations in advertisements for mortgage credit products. The Mortgage Acts and Practices – Advertising rule,¹ or “MAP Rule,” provides that it is a violation of federal law for any person to make a “material misrepresentation, expressly or by implication, in any commercial communication, regarding any term of any mortgage credit product.”² A mortgage credit product is “any form of credit that is secured by real property or a dwelling and that is offered or extended to a consumer primarily for personal, family, or household purposes.”³ The CFPB also enforces 12 U.S.C. § 5536(a)(1), which prohibits unfair, deceptive, or abusive acts or practices in connection with consumer financial products or services, including in the marketing or sale of mortgage credit products.

We have reviewed one or more of your mortgage advertisements and it appears that they may violate federal law to the extent that they: (1) suggest, through the use of a logo very similar to that of the United States Department of Veterans Affairs, the prominent display of a website address that includes the acronym “VA,” and the use of language stating “the VA is offering you” the advertised product, that your company is affiliated with a government agency or government-sponsored program; (2) indicate that a specific “fixed” rate is available for a “30 year” loan when, in fact, the stated rate is for an adjustable rate loan; and (3) suggest that the rate being offered is part of an “economic stimulus plan” that will expire shortly, notwithstanding that the Department of Veterans Affairs’ loan guarantee programs do not have an expiration date. Copies of the advertisements referred to in this letter are attached hereto for your reference. While this letter refers specifically only to the attached advertisements, you should also consider whether other advertising you disseminate in any form, including internet advertisements, may require modification in order to comply with federal laws.

While we have not made a determination at this time regarding whether your advertisements violate the law, we urge you to review your marketing materials to ensure that

¹ See 12 C.F.R. Part 1014.

² *Id.* at § 1014.3.

³ *Id.* at § 1014.2.



1700 G Street NW, Washington, DC 20552

you comply with the laws identified above. To assist you in this process, you may find it helpful to review the full text of the MAP Rule, available at <http://www.gpo.gov/fdsys/pkg/CFR-2012-title12-vol8/pdf/CFR-2012-title12-vol8-part1014.pdf>.

By sending you this notice, the CFPB does not waive its right to take any action against you based on past or future violations of federal law, including violations contained in, or relating to, the attached advertisement(s). Please direct any questions concerning this letter to [CFPB Enforcement attorney name] at [phone number].

Sincerely,

Kent Markus
Enforcement Director

Attachment(s)



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Jessica L. Rich
Associate Director
Division of Financial Practices

November , 2012

VIA FEDERAL EXPRESS

[Company Name]

[Address Line1]

[Address Line2]

Dear Sir or Madam:

This letter is to advise you that you may have advertised a mortgage financing product or service in a misleading manner.

The Federal Trade Commission (FTC), the nation's consumer protection agency, enforces Section 5 of the FTC Act, 15 U.S.C. § 45, which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC Act requires that advertising, including claims about mortgage financing, be truthful and non-misleading. The FTC also enforces the Mortgage Acts and Practices-Advertising Rule, Regulation N (MAP-AD Rule), 12 C.F.R. Part 1014, which specifically prohibits material misrepresentations in any commercial communication regarding the terms of any mortgage financing.

FTC staff attorneys have evaluated your advertisements or other commercial communications for mortgage financing. They have reviewed your [website at www.xyz.com; your ads in XYZ paper; or your email solicitations] and think the ad may include claims that violate Section 5 of the FTC Act or the MAP-AD Rule.

We have attached a copy of one of your ads, and direct your attention to [statements and images; or statements] in the ad [that may suggest your Company is affiliated with a government agency or government-sponsored loan program; that may offer unqualified low rates; that may offer unqualified low monthly payments; that may suggest no fees or costs are associated with the mortgage financing offered; or that may suggest guaranteed approval for the mortgage financing offered].

We have not determined whether your company is violating the law, but we recommend that you review your ads and other commercial communications for mortgage financing, on your

website; or in newspapers and in any other medium, to ensure they comply with the FTC Act and the MAP-AD Rule. You can find the full text of the MAP-Ad Rule at <http://www.gpo.gov/fdsys/pkg/CFR-2012-title12-vol8/pdf/CFR-2012-title12-vol8-part1014.pdf>.

With this notice, the Division of Financial Practices staff does not waive the FTC's right to take action against you based on past or future law violations. Please direct any questions concerning this letter to Yaa Apori at 202-326-3796 or Carole Reynolds at 202-326-3230.

Sincerely,

Jessica L. Rich
Associate Director for Financial Practices

Attachment



1700 G Street NW, Washington, DC 20552

While we have not made a determination at this time regarding whether your advertisements violate the law, we urge you to review your marketing materials to ensure that you comply with the laws identified above. To assist you in this process, you may find it helpful to review the full text of the MAP Rule, available at <http://www.gpo.gov/fdsys/pkg/CFR-2012-title12-vol8/pdf/CFR-2012-title12-vol8-part1014.pdf>.

By sending you this notice, the CFPB does not waive its right to take any action against you based on past or future violations of federal law, including violations contained in, or relating to, the attached advertisement(s). Please direct any questions concerning this letter to [CFPB Enforcement attorney name] at [phone number].

Sincerely,

Kent Markus
Enforcement Director

Attachment(s)