



For Release

FTC Issues New Rule Strengthening Consumer Protections Against Deceptive Mortgage Advertisements

July 19, 2011

A new Federal Trade Commission [Rule will strengthen consumer protections by banning deceptive claims about consumer mortgages](#) in advertising or other types of commercial communications. The Rule is designed to create a level playing field for legitimate businesses to compete in the marketplace.

[Congress directed the FTC to initiate a rulemaking proceeding on mortgage loans](#) in the Omnibus Appropriations Act of 2009, as clarified by the Credit Card Act of 2009. As a first step, on June 1, 2009, the FTC issued an [advance notice of proposed rulemaking](#) seeking public comment on whether certain mortgage acts and practices were unfair or deceptive. In September 2010, the agency issued a [proposed Rule](#) that would ban deceptive mortgage advertising practices and sought further public comment about its costs and benefits, including whether any alternatives would adequately protect consumers at a lower cost. The FTC received and reviewed the public comments, most of which supported the Commission's proposed action.

The Final Rule is substantially the same as the proposed Rule. It applies to all entities within the FTC's jurisdiction that advertise mortgages – mortgage lenders, brokers, and servicers; real estate agents and brokers; advertising agencies; home builders; lead generators; rate aggregators; and others. The Rule, however, does not cover banks, thrifts, federal credit unions, and other entities that are outside the Commission's jurisdiction.

The new Rule lists 19 examples of prohibited deceptive claims, including misrepresentations about:

- the existence, nature, or amount of fees or costs to the consumer associated with the mortgage;
- the terms, amounts, payments, or other requirements relating to taxes or insurance associated with the mortgage;
- the variability of interest, payments, or other terms of the mortgage;
- the type of mortgage offered;
- the source of an advertisement or other commercial communication; and
- the consumer's ability or likelihood of obtaining a refinancing or modification of a mortgage or any

- the consumer's ability or likelihood of obtaining a refinancing or modification of a mortgage or any of its terms.

Section 5 of the FTC Act generally prohibits advertisers from making false or misleading claims. The Rule parallels this legal principle and will allow the FTC to seek appropriate relief (including civil penalties) against those who engage in deceptive mortgage advertising. The Consumer Financial Protection Bureau (CFPB) and state law enforcement authorities also may bring actions to enforce the Rule. On July 21, 2011, the Commission's rulemaking authority for the Rule transfers to the CFPB, but the FTC, the CFPB, and the states all will have authority to enforce the Rule.

The FTC vote to issue the new Rule was 5-0, with Commissioner Edith Ramirez, Chairman Jon Leibowitz, and Commissioner Julie Brill issuing a joint [concurring statement](#) to underscore the importance of ensuring that

"communications about mortgages to consumers whose native language is not English" are truthful and understandable; Commissioner J. Thomas Rosch issued a [separate statement](#) in response.

The new Rule is being published in the Federal Register, and is available now on the FTC's website. The Rule will take effect on August 19, 2011.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online [Complaint Assistant](#) or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides free information on a variety of [consumer topics](#). Like the FTC on [Facebook](#) and follow us on [Twitter](#).

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(Final Rule Mortgage Ads)

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