



For Release

FTC Proposes Rule to Ban Deceptive Mortgage Ads

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The Federal Trade Commission moved to further strengthen its longstanding enforcement program aimed at preventing deceptive mortgage advertising, proposing a rule that would ban misrepresentations for all mortgages and would allow the FTC and the states to seek civil penalties against those who violate the rule.

The proposed rule would prohibit all material misrepresentations in advertising about consumer mortgages. The proposed rule lists 19 examples of misrepresentations about fees, costs, obligations, and other aspects of credit that would be violations.

The proposed rule would apply to mortgage lenders, brokers, and servicers; real estate agents and brokers; advertising agencies; home builders; lead generators; rate aggregators; and other entities under the FTC's jurisdiction. The FTC's enforcement program has included many cases against mortgage lenders, brokers, and others for allegedly deceptive mortgage advertising.

The proposed rule would make the FTC and other law enforcers more effective in combating deceptive advertising. Currently, under the FTC Act, the Commission may bring actions against those under its jurisdiction who engage in deceptive mortgage advertising, and it may seek injunctive relief against them. Under the proposed rule, the FTC would be able to bring actions against violators to seek civil penalties in addition to injunctions. The proposed rule would also allow the states to bring actions for civil penalties for violations of the rule.

The FTC is seeking comments about the proposed rule's costs and benefits, including whether any alternatives would adequately protect consumers at a lower cost. The proposed rule does not include any advertising disclosure requirements, which other federal and state laws impose, but the FTC seeks public input on whether there are advertising disclosures that the Commission should include in the rule. The FTC also seeks public comment on whether the rule should include a provision that prohibits persons from providing substantial assistance to those who violate the rule.

The Notice of Proposed Rulemaking has a 45-day public comment period ending November 15, 2010. Comments on the rulemaking proceedings should include the reference "Mortgage Acts and Practices – Advertising Rulemaking

the rulemaking proceedings should include the reference “Mortgage Note and Practices Advertising Rulemaking, Rule No. R011013.” Full instructions for submitting comments are found in the Address section of the Notice.

The FTC rulemaking proceeding is required by legislation secured in 2009 by Senators Byron Dorgan and Jay Rockefeller. Any proposed rule would apply only to entities within the FTC’s jurisdiction under the FTC Act, which excludes banks, thrifts, and federal credit unions, among others. As the first step in this rulemaking process, on June 1, 2009, the FTC issued an Advance Notice of Proposed Rulemaking seeking public comment on the practices of mortgage advertisers and servicers. In a related matter, on March 9, 2010, the Commission published another proposed rule under the Omnibus Appropriations Act, addressing mortgage assistance relief services.

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 1,800 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC’s Web site provides free information on a variety of [consumer topics](#).

(NPRM Mortgage Loans)

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