

Advertising – Closed End Credit

<p>Basic Elements</p>	<p>Must disclose terms bank is willing to offer</p> <p>If rate of finance charge listed, must be stated as "annual percentage rate" or APR</p> <ul style="list-style-type: none"> ○ Variable rate feature must be disclosed <p>Triggering terms</p> <ul style="list-style-type: none"> ○ Amount or % of downpayment in credit sale ○ The # of payments or period of repayment ○ Amount of any payment. ○ Amount of any finance charge <p>If trigger terms stated, then must also state:</p> <ul style="list-style-type: none"> ○ Amount or % of downpayment in credit sale ○ The terms of repayment ○ The APR and variable rate feature
<p>Advertising credit secured by a dwelling, <u>other than</u> television or radio ads, including promotional materials accompanying applications.</p>	<p>If more than one simple annual rate of interest over period of the loan, then following must be stated:</p> <ul style="list-style-type: none"> ○ Each simple annual rate of interest that will apply. *If variable, rate based on current index and margin; ○ Period of time each simple annual rate of interest will apply; and ○ The annual percentage rate for the loan. <p>Terms must be disclosed with equal prominence and in close proximity to the rate that triggered the disclosures</p> <p>If the amount of any payment is stated, the following must be stated:</p> <ul style="list-style-type: none"> ○ Amount of each payment that will apply over the term of the loan, including any balloon payment. *If variable, payment shall be based on current index and margin; ○ Period of time during which each payment will apply; and ○ If first lien, the fact that payments do not include taxes and insurance and, if applicable, that the actual payment obligation will be greater. <p>The first 2 items must be disclosed with equal prominence and in close proximity to any payment that triggered the required disclosures. The last must be disclosed with prominence and in close proximity to the advertised payments.</p> <p>Requirements <u>do not</u> apply to an envelope in which an application or solicitation is mailed, to a banner ad or pop-up ad linked to an application or solicitation provided electronically</p>
<p>Television or Radio Ads</p>	<p>If the above triggers stated in TV or radio ad, must either:</p> <ul style="list-style-type: none"> ● State the additional disclosures; or ● State the APR, and if applicable, variable rate feature, and list a toll-free telephone number or collect number along with a reference that such number may be used to obtain additional cost information.
<p>Tax Implications</p>	<p>If paper or internet ad is for loan secured by principal dwelling and states that the loan may exceed the fair market value of the dwelling, it shall also state than:</p> <ul style="list-style-type: none"> ● The interest on the portion of loan that is > than the fair market value is not tax deductible; and ● Tax adviser should be consulted

Prohibited acts or practices in ads for credit secured by a dwelling

- Using the word "fixed" to refer to rates, payments, or the credit transaction in an ad for variable-rate transactions or other transactions where the payment will increase, unless:
 - In the case of an ad solely for one or more variable-rate transactions,
 - The phrase "Adjustable-Rate Mortgage," "Variable-Rate Mortgage," or "ARM" appears before the first use of the word "fixed" and is as conspicuous as any use of the word "fixed"; and
 - Each use of the word "fixed" to refer to a rate or payment is accompanied by an equally prominent and closely proximate statement of the time period for which the rate or payment is fixed, and the fact that the rate may vary or the payment may increase after that period;
 - In the case of an ad solely for non-variable-rate transactions where the payment will increase (e.g., a stepped-rate mortgage transaction with an initial lower payment), each use of the word "fixed" to refer to the payment is accompanied by an equally prominent and closely proximate statement of the time period for which the payment is fixed, and that the payment will increase after that period; **or**
 - In the case of an ad for both variable-rate transactions and non-variable-rate transactions,
 - The phrase "Adjustable-Rate Mortgage," "Variable-Rate Mortgage," or "ARM" appears with equal prominence as any use of the term "fixed," "Fixed-Rate Mortgage," or similar terms; **and**
 - Each use of the word "fixed" to refer to a rate, payment, or the credit transaction either refers solely to the transactions for which rates are fixed and complies with requirements above, if applicable, or, if it refers to the variable-rate transactions, is accompanied by an equally prominent and closely proximate statement of the time period for which the rate or payment is fixed, and the fact that the rate may vary or the payment may increase after that period.
- Bank cannot make any comparison in an ad between actual or hypothetical credit payments or rates and any payment or simple annual rate that will be available under the advertised product for a period less than the full term of the loan, unless:
 - The ad includes a comparison to the rates and payment information required to be disclosed; and
 - If the ad is for a variable-rate loan, & the advertised payment or simple annual rate is based on the index and margin used to make later rate or payment adjustments over the loan term, the ad includes an equally prominent statement in close proximity to the payment or rate that the payment or rate is subject to adjustment and the time period when the first adjustment will occur.
- Bank may not make any statement that the product offered is a "government loan program", "government-supported loan", or is otherwise endorsed or sponsored by any federal, state, or local government entity, **unless the ad is for** an FHA loan, VA loan, or similar loan program that is, in fact, endorsed or sponsored by a federal, state, or local government entity.
- Bank cannot use the name of the consumer's current lender in an ad that is not sent by or on behalf of the consumer's current lender, unless the ad:
 - Discloses with equal prominence the name of the person or creditor making the ad; and
 - Includes a clear and conspicuous statement that the person making the ad is not associated with, or acting on behalf of, the consumer's current lender.
- Bank cannot make any misleading claim in an ad that the mortgage product offered will eliminate debt or result in a waiver or forgiveness of a consumer's existing loan terms with another creditor.
- Bank cannot use the term "counselor" to refer to a for-profit mortgage broker or mortgage creditor, its employees, or persons working for the broker or creditor involved in offering, originating or selling mortgages.
- Bank cannot provide information about some trigger terms or required disclosures, such as an initial rate or payment, only in a foreign language in an ad, but provide information about other trigger terms or required disclosures, such as information about the fully-indexed rate or fully amortizing payment, only in English

