



Government of the District of Columbia
Department of Insurance, Securities and Banking



CONSUMER ALERT

Veterans and Older Americans are Potential Targets for Deceptive Mortgage Advertisements

The DC Department of Insurance, Securities and Banking wants you to look out for potentially misleading mortgage advertising. If you are in the market for a mortgage or refinancing an existing mortgage loan, you may see or hear ads offering low rates or payments. Whether you see them on the Internet, on television, in the paper or by fax or mail, some of these ads look like they are from your mortgage company or a government agency. Regardless of where you see the ads, remember that while the offers are tempting, some are terribly flawed: they don't disclose the true terms of the deal as the law requires.

The Federal Trade Commission and the Consumer Financial Protection Bureau have contacted a number of lenders concerning potential violations of the Mortgage Acts and Practices Advertising Rule, which took effect August 2011. The rule prohibits claims and statements in mortgage advertising that may be misleading to consumers.

Many of these potentially misleading practices seem to be directed at older Americans and veterans. Listed below are things to watch out for in mortgage advertisements. Also listed are some examples of potentially misleading practices received by consumers.

Be suspicious of ads with:

- Official-looking seals or logos that imply some kind of government status, for example making you think they come from the Veterans Administration or the Department of Housing and Urban Development. Although government agencies do guarantee some loans, they are not involved in the actual lending or advertising of loans.
- Promises of amazingly low rates - which may turn out to apply only for a short period and then will readjust to a higher amount.
- Promises that a reverse mortgage will let you stay in your home payment-free. Typically borrowers with reverse mortgages still have to keep up with tax and insurance payments - and will most likely lose their homes if they don't.

- Announcements of “pre-approval” and large amounts of cash or credit available to you. Typically there is no guarantee that you will be approved for a loan, or the size of the loan, until you go through a standard qualification process.

You know the old saying: “If it sounds too good to be true, it probably is.” Some advertisers will use your military or veteran status as a way to approach you, promising special deals or implying Veterans Administration-approval. Others will use the lure of a “no-payment” reverse mortgage to troll for older Americans desperate to find a way to stay in their home when they can no longer afford a mortgage payment. And although mortgage rates are low right now, an offer promising “historically low rates” may still have hidden traps that turn it into a bad deal.

So please, be cautious. If you see an advertisement that sounds a little (or a lot) too good to be true, you should get more information from a trusted source or call DISB at (202) 727-8000 if you suspect mortgage fraud. The Federal Trade Commission published a [consumer alert](#) on deceptive mortgage ads and what to look for. Also, more information can be found on the Consumer Financial Protection Bureau [website](#) for [veterans](#) and [older Americans](#). Take the time to know before you owe!

About the Department of Insurance, Securities and Banking

The Government of the District of Columbia’s Department of Insurance, Securities and Banking regulates financial-services businesses in the District. It has two missions: one, to provide fair and efficient regulatory supervision of financial services to protect the people of the District; and two, to create conditions that attract and retain national and international insurance, securities, banking and other financial-services businesses to the District. For more information, visit us on the Web at disb.dc.gov.

Source: Consumer Financial Protection Bureau and the Federal Trade Commission