

Table of Contents

TABLE OF CONTENTS.....	1
CHAPTER 1 INTRODUCTION.....	5
1.1 GOALS AND OBJECTIVES	5
1.2 REQUIRED REVIEW	5
1.3 APPLICABILITY	6
1.4 INTERPRETATION AND REASONABLENESS	6
1.5 DEFINITIONS.....	6
CHAPTER 2 ACCOUNTABILITY AND MONITORING	10
2.1 INTERNAL CONTROLS.....	10
CHAPTER 3 STAFF AND TRAINING.....	12
3.1 ONGOING TRAINING.....	12
3.2 NEW HIRE TRAINING	13
CHAPTER 4 RELATED REGULATIONS.....	14
4.1 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	14
4.2 CAN-SPAM ACT	14
4.3 CONSUMER REVIEW FAIRNESS ACT	15
4.4 COPYRIGHT LAW	16
4.5 DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT	16
4.6 EQUAL CREDIT OPPORTUNITY ACT	17
4.7 FAIR CREDIT REPORTING ACT	17
4.8 FAIR DEBT COLLECTION PRACTICES ACT	17
4.9 FAIR HOUSING ACT	17
4.10 FEDERAL TRADE COMMISSION ACT.....	17
4.10.1 Prohibitions Against Unfair, Deceptive, or Abusive Acts or Practices	18
4.10.2 Bait and Switch Advertising.....	18
4.11 HOME OWNERSHIP AND EQUITY PROTECTION ACT	19
4.12 MORTGAGE ACTS AND PRACTICES —REGULATION N.....	19
4.12.1 Waiver Not Permitted.....	21
4.12.2 Recordkeeping Requirements	21
4.12.3 Enforcement and Penalties	21
4.13 MORTGAGE ASSISTANCE RELIEF SERVICES —REGULATION O	21
4.13.1 Prohibitions	21
4.13.2 Disclosures Required	23

4.14	REAL ESTATE SETTLEMENT AND PROCEDURES ACT —REGULATION X	25
4.15	SECURE AND FAIR ENFORCEMENT MORTGAGE LICENSING ACT	25
4.15.1	License or Registration Numbers.....	25
4.16	TRUTH IN LENDING ACT —REGULATION Z	26
4.16.1	Available Terms.....	26
4.16.2	Clear and Conspicuous	26
4.16.3	Annual Percentage Rate	26
4.16.4	Triggering Terms	27
4.16.5	Disclosure of Rates and Payments	29
4.16.6	Tax Implications	30
CHAPTER 5	ADVERTISING STANDARDS	31
5.1	UNFAIR AND DECEPTIVE ADVERTISING	31
5.2	MISLEADING OR MISREPRESENTED ADVERTISING	32
5.3	POWERFUL ADVERTISING	33
5.4	SPECIFIC COMPLIANCE STANDARDS	33
5.4.1	Maximum Loan Amounts.....	33
5.4.2	Rates	33
5.4.3	Payments.....	33
5.4.4	Effective Rates	34
5.4.5	Triggering Terms.....	34
5.5	DISCLOSURES	35
5.6	LOGOS	35
5.7	MISCELLANEOUS DISCLOSURES	36
5.7.1	Standard, General Disclosures.....	36
5.7.2	Refinances.....	36
5.7.3	ARM Disclaimer Language	36
5.7.4	Brokered Products	36
5.7.5	Reverse Mortgages	36
5.7.6	Targeted Ads	37
5.7.7	Website Disclosures.....	37
5.7.8	Website Privacy Disclosure	37
5.7.9	Tax Deductibility.....	37
5.7.10	Payment Amount.....	38
5.8	RETENTION	38
CHAPTER 6	SPECIAL TYPES OF ADVERTISING	39
6.1	TARGETED MAILING	39
6.2	PRINT ADVERTISEMENTS	39
6.2.1	Traditional Print Media	39

6.2.2	Direct Mail	40
6.3	TV, RADIO, OR VIDEO ADS.....	40
6.4	EMAIL ADVERTISING	40
6.5	INTERNET ADVERTISING.....	41
6.6	SOCIAL MEDIA ADVERTISING	41
6.6.1	Business Purpose.....	42
6.6.2	Types of Social Media Advertising.....	42
6.7	JOINT ADVERTISING/CO-MARKETING	43
6.8	MULTIPAGE ADVERTISING.....	43
6.9	FAX ADVERTISING	43
6.10	TELEMARKETING	44
6.11	LOTTERIES	44
6.12	GIFTS	44
6.13	PROMOTIONAL ITEMS.....	45
6.14	BUSINESS CARDS	45
6.15	EMAIL CONTACT INFORMATION	45
6.16	BUSINESS PURPOSE ADVERTISING	45
6.16.1	Continuing Education Classes.....	46
CHAPTER 7	WEBSITES.....	47
CHAPTER 8	MORTGAGE PRODUCTS.....	49
8.1	FORWARD MORTGAGES.....	49
8.2	HOME EQUITY LINES OF CREDIT	49
8.2.1	Triggering Terms.....	49
8.2.2	Discounted and Premium Rate Products.....	50
8.2.3	Balloon Payments.....	50
8.2.4	Promotional Rates and Payments.....	50
8.2.5	Alternative Disclosures—Television or Radio Advertisements	51
8.3	REVERSE MORTGAGES	52
CHAPTER 9	ADVERTISING AND MARKETING PROHIBITIONS.....	53
9.1	MISLEADING ADVERTISING OF “FIXED” RATES AND PAYMENTS	53
9.2	MISLEADING COMPARISONS IN ADVERTISEMENTS.....	54
9.3	MISREPRESENTATIONS ABOUT GOVERNMENT ENDORSEMENT	54
9.4	MISLEADING USE OF THE CURRENT LENDER'S NAME.....	54
9.5	MISLEADING CLAIMS OF DEBT ELIMINATION	55
9.6	MISLEADING USE OF THE TERM "COUNSELOR"	55
9.7	MISLEADING FOREIGN-LANGUAGE ADVERTISEMENTS.....	55
9.8	UNLIMITED ACCESS TO CREDIT	55
9.9	MISREPRESENTATIONS ABOUT INTEREST CHARGED.....	55
9.10	MISREPRESENTATIONS ABOUT THE APR	56

9.11	MISREPRESENTATIONS ABOUT THE EXISTENCE, NATURE OR AMOUNT OF FEES	56
9.12	MISREPRESENTATIONS ABOUT TERMS ASSOCIATED WITH ADDITIONAL PRODUCTS.....	56
9.13	MISREPRESENTATIONS RELATING TO TAXES OR INSURANCE	56
9.14	MISREPRESENTATIONS REGARDING PREPAYMENT PENALTIES.....	57
9.15	MISREPRESENTATIONS ABOUT PRODUCT TYPE.....	57
9.16	MISREPRESENTATIONS ABOUT THE AMOUNT OF THE OBLIGATION	57
9.17	MISREPRESENTATIONS ABOUT PAYMENTS	57
9.18	MISREPRESENTATIONS ABOUT THE POTENTIAL FOR DEFAULT	57
9.19	MISREPRESENTATIONS ABOUT THE EFFECTIVENESS	57
9.20	MISREPRESENTATIONS ABOUT ASSOCIATION	58
9.21	MISREPRESENTATIONS ABOUT PRODUCT SOURCE.....	58
9.22	MISREPRESENTATIONS ABOUT CONSUMER'S RESIDENCE.....	58
9.23	MISREPRESENTATIONS ABOUT CONSUMER'S ABILITY	58
9.24	MISREPRESENTATIONS ABOUT COUNSELING SERVICES.....	58
9.25	KICKBACKS AND UNEARNED FEES	59
CHAPTER 10	APPENDIX - REGULATORY GUIDANCE.....	60
10.1	FTC CAUTIONS AND QUOTES	60
10.2	LIMITED ENGLISH PROFICIENCY.....	60
10.3	ENFORCEMENT EXAMPLES	61
10.4	STATE ENFORCEMENT EXAMPLES.....	62
10.5	FTC CONSUMER ALERT	62

Chapter 1 Introduction

[Sample Client] requires that all advertising materials be truthful, non-deceptive, reasonable, fair, and include all appropriate, required disclosures. Enforcement actions for unfair or deceptive advertising, as well as violations of the Truth in Lending Act (TILA) and implementing Regulation Z are increasing. Mortgage Acts and Practices (Regulation N) allows the Federal Trade Commission (FTC), Consumer Financial Protection Bureau (CFPB) and state regulatory agencies to seek civil penalties for violations.

It is important for all employees of [Sample Client] responsible for the creation and distribution of any marketing materials to understand that it is possible to violate consumer protection laws such as TILA and to violate the Federal Trade Commission Act (FTC Act) or the Mortgage Acts and Practices—Advertising Rule, and liability for non-compliance exists under all laws.

In addition, there are other agency-issued regulations and guidance that apply to mortgage lending advertising activities, including the Fair Housing Act requirements, Department of Housing and Urban Development (HUD) guidance for FHA-approved lender or mortgagee programs, and individual state specific laws and regulations. Liability for non-compliance and the possibility for enforcement action also exist under all of these additional regulations and guidelines for [Sample Client].

[Sample Client] is committed to the highest standards of federal consumer compliance and requires all management, employees, and third-party vendors to follow these policies and adhere to these standards.

1.1 Goals and Objectives

The standards set out in this policy represent minimum requirements based on applicable legal and regulatory guidance and apply throughout [Sample Client]'s operations. These requirements are intended to prevent [Sample Client], its employees, and third-party vendors from violating federal regulations related to mortgage banking and consumer compliance with respect to fair and truthful advertising and marketing practices.

1.2 Required Review

[Sample Client] requires this policy be reviewed no less than annually. The review will include the compliance of this policy with current law, regulation or directive, the procedural implementation of this policy within the then-current scope of [Sample Client]'s business lines and operations, internal or external audit results received during the previous year, and then-current industry trends or regulatory guidance.

Chapter 3 Staff and Training

[Sample Client] requires initial and ongoing training for all management and staff concerning this policy, other related policies, and underlying laws and regulations.

Training may be conducted in a variety of settings utilizing any established education modality. Regardless the method of training delivery, all training must include the following:

- Presentation of the subject material oriented for the adult learner
- An assessment of the participant to validate command of the subject matter with a minimum passing grade of 70%
- A completion certificate documenting satisfactory completion of the required training

[Sample Client] must maintain adequate records of this training program including the following:

- A description of all training programs
- Evidence of attendance and satisfactory completion for each employee subject to this policy
- Management response relative to additional training, reassignment or other responses for those employees who may not have achieved a passing grade on the assessment and/or were not issued a completion certificate

3.1 Ongoing Training

All [Sample Client] employees will receive annual training commensurate with their job functions to ensure current knowledge of this policy and the underlying laws and regulations which may impact [Sample Client] and the current state of law, regulation, and industry best practices.

At a minimum, annual training should address the following requirements as covered in this policy:

- [Sample Client]'s policies and any changes within the last year
- The laws and regulations underlying this and other policies, including, but not limited to, the following:
 - Consumer Review Fairness Act (CRFA)
 - Controlling the Assault of Non-Solicited Pornography and Marketing Act (CAN-SPAM Act)
 - Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank)
 - Equal Credit Opportunity Act (ECOA) Regulation B
 - Fair Credit Reporting Act (FCRA) Regulation V
 - Fair Debt Collection Practices Act (FDCPA) Regulation F
 - Fair Housing Act (FHAct)
 - Federal Trade Commission Act (FTC Act)

Chapter 6 Special Types of Advertising

The information in this section applies to special types of advertising, for which additional rules may apply.

6.1 Targeted Mailing

Targeted mailings are generally direct mail campaigns that use information from mailing lists or public information that may be purchased from a lead generation or marketing company. Any lead generation or marketing companies used for targeted mailings are subject to [Sample Client]'s documented vendor management approval process, policies, and procedures.

Mailings to past customers are considered targeted mailings. These types of mailings are considered advertisements, subject to the provisions and guidelines in this policy.

The purchasing of "leads" or "names" derived from a public source or marketing company is legal; however, payment must be made for "leads" only. Payment may *not* be made for closed or funded loans only, nor may a higher payment for a closed loan be paid versus a "lead". A flat fee for each lead must be paid, regardless of whether a loan results from the lead.

It is important that the criteria for leads purchased from a marketing or lead generation company *not* be chosen in a discriminatory way or have discriminatory effects. For example, when choosing the targeted mailing geographic region, lower income areas may not be excluded.

[Sample Client] does not allow targeted mailing using information derived from a consumer credit reporting agency, also known as pre-screened offers.

6.2 Print Advertisements

[Sample Client] has no specific, separate policies which apply exclusively to print advertising. Print advertisements are subject to this policy and all underlying company procedures and guidelines, as applicable.

6.2.1 Traditional Print Media

[Sample Client] requires that printed advertisements, such as newspaper or magazine copy, clearly and conspicuously disclose all the information about a mortgage loan product or offer that is likely to influence a borrower's purchasing decision. Additionally, printed ads must disclose the most important information near the advertised price, such as the terms affecting the basic cost of the offer.