



## Hudson Cook Enforcement Alert; CFPB Permanently Bans Lender from Mortgage Business

February 28th, 2023 | and

### Highlights:

- CFPB issued an order permanently banning a lender from the mortgage lending industry over alleged “repeat offenses” against U.S. military families.
- The CFPB alleges that the mortgage lender sent ads to servicemembers and others that misled them with false claims of government affiliation in violation of a prior consent order and various federal consumer laws.
- To resolve these allegations, the lender agreed to pay a \$1 million penalty and permanently restrain from engaging in any mortgage lending activities.

### Case summary

This matter stems from advertisements used by the mortgage lender targeting members of the military and their families. In April 2015, the CFPB issued a consent order against the lender, alleging that the lender mailed print ads to military families that included the names and logos of federal agencies, falsely implying that the lender or its mortgage products were endorsed by the government. The CFPB determined that these and other practices violated the CFPA, TILA, and the Mortgage Acts and Practices Advertising Rule (MAP Rule), which prohibits misleading claims in mortgage advertising, including implying a government affiliation. In addition to imposing a civil penalty, the order prohibited the mortgage lender from falsely implying a government affiliation in future ads.

Despite the 2015 order’s prohibition, the CFPB alleges, the mortgage lender continued to disseminate millions of mortgage ads to military families that used government seals, logos, and other representations to imply that the lender was affiliated with or that the advertised mortgage products were provided by the government. Additionally, the CFPB asserts that the lender’s ads harmed consumers by inadequately disclosing key credit terms and misrepresenting requirements for refinancing loans. The CFPB alleges that these ads reflect the same types of advertising practices that were the subject of and expressly prohibited by the 2015 consent order, and thus violate that 2015 order as well as the CFPA, TILA, and the MAP Rule. To resolve these allegations, but without admitting or denying any wrongdoing, the mortgage lender agreed to the issuance of a new consent order. According to the terms of this new order, the mortgage lender is permanently banned from engaging in any mortgage lending activities or assisting others in doing so. The lender also must pay a \$1 million penalty.

In its press release about this action, the CFPB touts it as one in a series of CFPB actions against “repeat offenders,” in particular those that violate prior consent orders.

**RESOURCES:**

You can review all the relevant court filings and press releases at the **CFPB’s Enforcement page**.

- [Consent Order](#)
- [Stipulation and Consent to the Issuance of a Consent Order](#)
- [Press Release](#)

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