



Consumer Financial Protection Bureau Settles with Third Mortgage Company to Address Deceptive Loan Advertisements Sent to Servicemembers and Veterans

AUG 21, 2020

WASHINGTON, D.C. – Today, the Consumer Financial Protection Bureau (Bureau) issued a consent order against Go Direct Lenders, Inc. (Go Direct), a California corporation that is licensed as a mortgage broker or lender in about 11 states. Go Direct offers and provides mortgage loans guaranteed by the United States Department of Veterans Affairs (VA). Go Direct’s principal means of advertising VA-guaranteed loans is through direct-mail advertisements sent primarily to United States military servicemembers and veterans. The Bureau found that Go Direct sent consumers numerous mailers for VA-guaranteed mortgages that contained false, misleading, and inaccurate statements or that lacked required disclosures, in violation of the Consumer Financial Protection Act’s (CFPA) prohibition against deceptive acts and practices, the Mortgage Acts and Practices – Advertising Rule (MAP Rule), and Regulation Z. The consent order requires Go Direct to pay a civil money penalty and imposes requirements to prevent future violations.

Today’s action is the third case stemming from a Bureau sweep of investigations of multiple mortgage companies that use deceptive mailers to advertise VA-guaranteed mortgages. On July 24, 2020, the Bureau announced consent orders against Sovereign Lending Group, Inc., and Prime Choice Funding, Inc., both California corporations, for similar violations. The Bureau commenced this sweep in response to concerns about potentially unlawful advertising in the market that the VA identified. Accurate and legally compliant advertising provides consumers with valuable information about the different types of mortgages and terms available so they can effectively shop for products that best meet their needs. This ongoing sweep of investigations reflects the Bureau’s commitment to enforcing the laws that ensure the financial marketplace is fair and accurate for all consumers, including servicemembers, veterans, and surviving spouses whom VA-guaranteed mortgages are designed to benefit.

The Bureau found that Go Direct disseminated advertisements that contained false, misleading, and inaccurate statements or that failed to include required disclosures. For example, Go Direct advertisements misrepresented the credit terms of the advertised mortgage loan by stating credit terms that the company was not actually prepared to offer to the consumer, including advertising a lower annual percentage rate than it was prepared to offer. Go Direct also made misrepresentations about the applicable fees in connection with the advertised mortgage. Go Direct advertisements misleadingly described variable-rate loans as “fixed” rate loans, when in fact the rate was adjustable and could increase over time. Go Direct advertisements falsely stated or implied that an appraisal, assets, and

income documentation were not required to qualify for certain loans and that consumers with FICO scores as low as 500 would qualify for the advertised rates.

The Bureau also found that Go Direct advertisements falsely represented that it had records showing that the value of the consumer's property had increased over the past year by a specific percentage. Go Direct advertisements created the false impression that Go Direct was affiliated with the government by using words, phrases, images, or design characteristics that are associated with the VA or the Internal Revenue Service. Further, Go Direct advertisements failed to properly disclose, when required by Regulation Z, credit terms for the advertised mortgage, such as the consumer's repayment obligations over the full term of the loan.

The consent order against Go Direct requires Go Direct to pay a civil penalty of \$150,000. The consent order also imposes injunctive relief to prevent future violations, including requiring Go Direct to bolster its compliance functions by designating an advertising compliance official who must review its mortgage advertisements for compliance with mortgage advertising laws prior to their use; prohibiting misrepresentations similar to those identified by the Bureau; and requiring Go Direct to comply with certain enhanced disclosure requirements to prevent future misrepresentations.

The consent order against Go Direct can be found at:

https://files.consumerfinance.gov/f/documents/cfpb_go-direct-lenders_consent-order_2020-08.pdf (https://www.consumerfinance.gov/documents/9125/cfpb_go-direct-lenders_consent-order_2020-08.pdf)

The consent order against Sovereign can be found at:

https://files.consumerfinance.gov/f/documents/cfpb_sovereign-lending-group_consent-order_2020-07.pdf (https://www.consumerfinance.gov/documents/9032/cfpb_sovereign-lending-group_consent-order_2020-07.pdf)

The consent order against Prime Choice can be found at:

https://files.consumerfinance.gov/f/documents/cfpb_prime-choice-funding_consent-order_2020-07.pdf (https://www.consumerfinance.gov/documents/9030/cfpb_prime-choice-funding_consent-order_2020-07.pdf)

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by regularly identifying and addressing outdated, unnecessary, or unduly burdensome regulations, by making rules more effective, by consistently enforcing federal consumer financial law, and by empowering consumers to take more control over their economic lives. For more information, visit [consumerfinance.gov](https://www.consumerfinance.gov).

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