

Closed End Loan Advertising Checklist

First Quarter 2022

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***Users of the checklist must be fully aware of all portions of
Regulation Z Closed End Advertising Rules.***

Actually Available Terms

If an advertisement for credit states specific credit terms, are those terms actually will be offered?

Yes No N/A

If there is a time limit, is that clearly included in the advertisement?

Yes No N/A

Clear and Conspicuous Standard

Were the disclosures in the advertisement made clearly and conspicuously? [opinion]

Yes No N/A

Rates and payments in advertisements for credit secured by a dwelling. Is additional information regarding the rates and payments disclosed with equal prominence and in close proximity to the advertised rates or payments triggering the required disclosures?

Yes No N/A

Internet advertisements for credit secured by a dwelling. Are the required disclosures not obscured by techniques such as graphical displays, shading, coloration, or other devices?

Yes No N/A

Televised advertisements for credit secured by a dwelling. Are the required disclosures not obscured by techniques such as graphical displays, shading, coloration, or other devices, are displayed in a manner that allows a consumer to read the information?.

Yes No N/A

Oral advertisements for credit secured by a dwelling. Are the required disclosures given at a speed and volume sufficient for a consumer to hear and comprehend them?

Yes No N/A

Advertisement of Rate of Finance Charge

If an advertisement states a rate of finance charge, does it state the rate as an “annual percentage rate” or “APR,” using one of those terms?

Yes No N/A

If the APR may be increased after consummation, does the advertisement state that fact?

Yes No N/A

If the advertisement is for credit not secured by a dwelling, does the advertisement not state any other rate, except a simple annual rate or periodic rate that is applied to an unpaid balance?

Yes No N/A

Is the rate discussed in the previous question not more conspicuous than the APR?

Yes No N/A

Buydowns. [Points required for the advertised rate] Is the advertised APR determined on the basis of transactional disclosures for buydowns. [Generally an example transaction]

Yes No N/A

Discounted variable-rate transactions. Was the advertised APR for a discounted variable-rate transactions correct?

Yes No N/A

Discounted variable-rate transactions. If the discounted rate is advertised, did the advertisement show with equal prominence and in close proximity the limited term to which the reduced rate applies and the APR that will apply after the initial rate reduction expires.

Yes No N/A

Advertisement of Terms That Require Additional Disclosures

Do any of the following Triggering terms appear in the advertisement?

Yes No N/A

- The amount or percentage of any downpayment.
- The number of payments or period of repayment.
- The amount of any payment.
- The amount of any finance charge.

If the answer above was “yes”, does the advertisement state (as applicable, directly or indirectly):

Yes No N/A

- The amount or percentage of the down payment (credit sales only).
- All terms of repayment, which reflect the repayment obligations over the full term of the loan, including any balloon payment.
- The “annual percentage rate,” using that term, and, if the rate may be increased after consummation, that fact.

Electronic Advertisements

If an electronic advertisement gives information in a table or schedule, is it clear and conspicuous? [opinion]

Yes No N/A

If an electronic advertisement gives information in a table or schedule located elsewhere, does it clearly describe the location where this information is available? [such as “click here for additional information”]

Yes No N/A

Disclosure of rates and payments in advertisements for credit secured by a dwelling (does not include radio or television)

If the advertisement for credit secured by a dwelling states a simple annual rate of interest and more than one simple annual rate of interest will apply over the term of the advertised loan, does the advertisement include

Yes No N/A

- Each simple annual rate of interest that will apply. In variable-rate transactions, a rate determined by adding an index and margin shall be disclosed based on a reasonably current index and margin;
- The period of time during which each simple annual rate of interest will apply; and
- The annual percentage rate for the loan.

Is the information discussed in the previous question clearly and conspicuously disclosed, meaning with equal prominence and in close proximity to any advertised rate?

Yes No N/A

If the advertisement for credit secured by a dwelling states the amount of any payment, is it disclosed in a clear and conspicuous manner?

Yes No N/A

Is the amount of each payment that will apply over the term of the loan, including any balloon payment properly disclosed?

Yes No N/A

If a variable-rate transactions is the subject of the advertisement, are payments determined based on the application of the sum of an index and margin using on a reasonably current index and margin?

Yes No N/A

If a variable-rate transactions is the subject of the advertisement, does it disclose the period of time during which each payment will apply?

Yes No N/A

If the advertisement for credit is for a loan secured by a first lien on a dwelling, does the advertisement state that the payments do not include amounts for taxes and insurance premiums, if applicable, and that the actual payment obligation will be greater?

Yes No N/A

Is all payment information disclosed in a clear and conspicuous manner, and disclosed with equal prominence and in close proximity to any advertised payment that triggered the required disclosures?

Yes No N/A

If the advertisement makes any comparison between actual or hypothetical credit payments or rates and the payments or rates available under the advertised product, does the advertisement state all applicable payments or rates for the advertised product and the time periods for which those payments or rates will apply?

Yes No N/A

Alternative Disclosures - Television or Radio Advertisements

Does the advertisement made through television or radio that states any of the terms requiring additional disclosures comply by:

Yes No N/A

- Stating clearly and conspicuously each of the additional disclosures required; or
- Stating clearly and conspicuously the information a toll-free telephone number, or any telephone number that allows a consumer to reverse the phone charges when calling for information?

Tax Implications

If the advertisement distributed in paper form or through the Internet is for a loan secured by the consumer's principal dwelling, and the advertisement states that the advertised extension of credit may exceed the fair market value of the dwelling, does the advertisement clearly and conspicuously state that:

Yes No N/A

- The interest on the portion of the credit extension that is greater than the fair market value of the dwelling is not tax deductible for Federal income tax purposes; and
- The consumer should consult a tax adviser for further information regarding the deductibility of interest and charges.

Prohibited Acts or Practices in Advertisements for Credit Secured by a Dwelling

Does the advertisement avoid using the word “fixed” to refer to rates, payments, or the credit transaction in an advertisement for variable-rate transactions or other transactions where the payment will increase?

Yes No N/A

Does the advertisement avoid making any comparison 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?

Yes No N/A

Does the advertisement avoid making any statement that the product offered is a “government loan program”, “government-supported loan”, or endorsed or sponsored by any government entity, unless the advertisement is for an FHA, VA loan, or similar loan program?

Yes No N/A

(4) Misleading use of the current lender's name. Does the advertisement avoid using the name of the consumer's current lender in an advertisement that is not sent by or on behalf of the consumer's current lender, without disclosing with equal prominence the name of the person or creditor making the advertisement the bank's relationship, if any, with the current mortgage holder?

Yes No N/A

Does the advertisement avoid making any misleading claims that the mortgage product offered will eliminate debt or result in a waiver or forgiveness of a consumer's existing loan terms with, or obligations to, another creditor.

Yes No N/A

Does the advertisement avoid using the term "counselor" in an advertisement to refer to a for-profit mortgage broker or mortgage creditor, its employees, or persons working for the broker or creditor that are involved in offering, originating, or selling mortgages.

Yes No N/A