

**UNITED STATES OF AMERICA
BUREAU OF CONSUMER FINANCIAL PROTECTION**

ADMINISTRATIVE PROCEEDING
File No. 2020-BCFP-0014

In the Matter of:

Accelerate Mortgage, LLC

CONSENT ORDER

The Bureau of Consumer Financial Protection (Bureau) has reviewed certain direct-mail mortgage advertising activities of Accelerate Mortgage, LLC (Accelerate or Respondent, as defined below) and identified violations of § 1026.24 of Regulation Z, 12 C.F.R. § 1026.24, the implementing regulation of the Truth in Lending Act (TILA), 15 U.S.C. §§ 1601–1667f; § 1014.3 of the Mortgage Acts and Practices—Advertising Rule (MAP Rule or Regulation N), 12 C.F.R. § 1014.3; and §§ 1031 and 1036 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531, 5536. Under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order.

I.

Overview

1. At different times during the Relevant Period, Accelerate has acted as a mortgage broker and mortgage lender that offers and provides mortgages guaranteed by the United States Department of Veterans Affairs (VA).
2. Accelerate advertises these mortgage products to consumers through direct-mail advertising campaigns targeted primarily at United States military servicemembers and veterans.
3. Accelerate has sent consumers more than one million advertisements that violate federal law because of misleading and deceptive statements and inadequate disclosures.
4. The Bureau brings this action to stop Accelerate from distributing advertisements with misleading and deceptive statements and inadequate disclosures to servicemembers, veterans, and other consumers.

II.

Jurisdiction

5. The Bureau has jurisdiction over this matter under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565; § 108 of the Truth in Lending Act, 12 U.S.C. § 1607; and § 626 of the Omnibus Appropriations Act of 2009, as amended by § 1097 of the CFPA, 12 U.S.C. § 5538.

III.

Stipulation

6. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated August 25, 2020 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau’s jurisdiction over Respondent and the subject matter of this action.

IV.

Definitions

7. The following definitions apply to this Consent Order:
 - a. “Advertising Compliance Official” means an individual designated by Respondent as the person responsible for performing the tasks and duties required under Paragraph 98. The Advertising Compliance Official must be a director or senior-level executive (e.g., president, chief executive officer, chief financial officer, chief operating officer, chief information officer, senior vice president, or managing member)

of Respondent, or an individual who reports directly to the president, chief executive officer, managing member, or board of directors of Respondent.

- b. “Clearly and Prominently” means the disclosure must be in a font size of at least 10 points; on the same side of the page as the term, if any, that triggers the disclosure; in print that contrasts with the background on which it appears; presented before the consumer incurs any financial obligation; in an understandable language and syntax; and with nothing contrary to, inconsistent with, or in mitigation of the disclosures used in any communication with the consumer.
- c. “Effective Date” means the date on which the Consent Order is issued.
- d. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Bureau of Consumer Financial Protection, or his or her delegate.
- e. “Exemplar” means an example of an advertisement fully populated with the terms contained in the advertisement as sent, posted, published, or disseminated to a consumer.
- f. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another

governmental agency brought against Respondent based on substantially the same facts as described in Section V of this Consent Order.

- g. “Relevant Period” includes from April 9, 2018, to the Effective Date.
- h. “Respondent” means Accelerate Mortgage, LLC, and its successors and assigns.

V.

Bureau Findings and Conclusions

The Bureau finds the following:

- 8. Accelerate is a Delaware limited liability corporation with its principal place of business in Newark, Delaware.
- 9. Accelerate is licensed to engage in business as a mortgage broker and lender in about 31 states.
- 10. Accelerate is a “person,” as defined in the CFPA, 12 U.S.C. § 5481(19), Regulation Z, 12 C.F.R. § 1026.2(a)(22), and the MAP Rule, 12 C.F.R. § 1014.2, because it is a limited liability corporation.
- 11. During the Relevant Period, Accelerate has been a “covered person” under the CFPA, 12 U.S.C. § 5481(6)(A), because it is a person that engages in offering and providing residential-mortgage loans, which are “consumer

financial product[s] or service[s]” under the CFPB. 12 U.S.C. § 5481(5), (6), (15)(A)(i).

12. During the Relevant Period, Accelerate has been subject to the MAP Rule because it is a person over which the Federal Trade Commission has jurisdiction under the Federal Trade Commission Act, 15 U.S.C. §§ 41–58. 12 C.F.R. § 1014.1. The MAP Rule is a Federal consumer financial law. 12 U.S.C. § 5481(14).
13. Accelerate provides “mortgage credit product[s],” as that term is defined in the MAP Rule. 12 C.F.R. § 1014.2.
14. Accelerate’s mortgage advertisements are “commercial communications” regarding a term of a “mortgage credit product,” as those terms are defined in 12 C.F.R. § 1014.2.
15. During the Relevant Period, Accelerate has offered “closed-end credit” in the form of mortgage loans to “consumers,” as those terms are defined in Regulation Z. 12 C.F.R. § 1026.2(a)(10) & (11).
16. Accelerate’s mortgage advertisements are advertisements for “closed-end credit,” as that term is defined in Regulation Z. 12 C.F.R. § 1026.2(a)(10).
17. Accelerate offers consumer mortgages, including mortgages guaranteed by the VA.

18. Accelerate's principal means of advertising VA-guaranteed mortgages is through direct-mail advertisements sent to consumers, including veterans and servicemembers.
19. Since April 2018, Accelerate has mailed more than a million mortgage advertisements to consumers in at least 31 states.

False, Misleading, and Inaccurate Representations

20. Federal consumer financial law contains numerous provisions banning the use of misleading and deceptive statements in mortgage advertisements.
21. Despite those prohibitions, Accelerate was responsible for both the content of, and dissemination of, numerous mortgage advertisements during the Relevant Period that contained false, misleading, and inaccurate statements, as described below.

False, Misleading, and Inaccurate Representations About Cost and Other Credit Terms

22. Numerous Accelerate mortgage advertisements stated specific credit terms, such as an interest rate, payment amount, or closing costs.
23. By stating specific credit terms in its advertisements, Accelerate represented, expressly or by implication, that it arranged or offered a mortgage with those credit terms.
24. In fact, Accelerate did not offer or arrange mortgages with the specific credit

terms stated in many of those advertisements.

25. In numerous instances, Accelerate misrepresented the actual credit terms applicable to the mortgages that it would arrange or offer.
26. Numerous Accelerate mortgage advertisements misrepresented the interest rate applicable to the advertised mortgage.
27. Specifically, Accelerate advertisements sent to 7,105 consumers in April 2018 advertised a VA cash-out refinance loan with a fixed simple interest rate of 3.75%. But the lowest available rate at the time for a VA cash-out refinance loan offered by Accelerate was 4.875%.
28. Numerous Accelerate mortgage advertisements misrepresented the payment amount applicable to the advertised mortgage and the existence, nature, or amount of cash or credit available to the consumer in connection with the advertised mortgage.
29. For example, Accelerate advertisements sent to 13,544 consumers in March and April 2019 stated that the borrower could “access \$20,000 for only \$95.05 per month” with a VA loan.
30. In reality, obtaining any cash-out amount against the consumer’s home equity would be possible only if the consumer had an existing mortgage and refinanced the entire amount owed on that mortgage as part of a cash-out refinance mortgage, resulting in a total monthly payment larger than \$95.05.

31. Numerous Accelerate mortgage advertisements misrepresented the existence and amount of fees or costs to the consumer.
32. Specifically, Accelerate advertisements sent to 7,105 consumers in April 2018 stated that there were “No Closing Costs” for the advertised loan.
33. All VA loans have closing costs, and Accelerate has never closed a VA loan without closing costs. Thus, consumers would need to pay closing costs for the loan featured in these advertisements. Accordingly, in connection with the loan that Accelerate was advertising, the statement “No Closing Costs” was false.
34. Consumers who received the advertisements described in paragraphs 26-33 were likely to be misled by them.
35. The advertisements were also likely to affect consumers’ conduct or decisions with regard to obtaining a loan.

***False and Misleading Representations About an
Affiliation with the Government***

36. Numerous Accelerate mortgage advertisements falsely represented, directly or by implication, through the use of formats, symbols, or logos that resemble those of a governmental entity such as the Internal Revenue Service (IRS) or the Federal Deposit Insurance Corporation (FDIC), that the provider of the advertised mortgage was, or was affiliated with, a

governmental entity, that the advertisement was sent by or on behalf of the VA or another governmental entity, or that the advertised product related to a federal tax benefit, or was endorsed, sponsored by, or affiliated with the IRS or the FDIC.

37. For example, Accelerate advertisements sent to 381,829 consumers from April through October 2018 were formatted to look like a notification letter from the IRS. The top of these advertisements appeared as follows:



ADMINISTRATIVE OFFICE

■ ■ ■
2018

1*1*1*****ALL FOR AADC 207



38. The advertisements included the year “2018” printed in block numbers in the top right corner with the “20” in white and the “18” in black, a distinctive format used by the IRS. In the top left corner, where the name of the sender would normally appear, was a QR Code, and underneath that the words in bold “ADMINISTRATIVE OFFICE.” The combined effect made the return address/sender portion of the advertisements look like an IRS return address block and gave the impression that the communication was coming from the

IRS.

39. These advertisements were formatted as letters to the consumer, with a greeting followed by two sections headed “NOTICE” and “STATUS.” The body of the letter instructed the consumer to “please call our VA Program Customer Support Representative” and to reference a specified “NOTICE NUMBER” on the call. Accelerate’s name did not appear anywhere in the body of the letter. Instead, Accelerate’s logo was relegated to the bottom of the page, just above the fine print. Accelerate’s logo incorporated an image resembling the American flag, which added to the impression that the communication was from an official government source.
40. Similarly, Accelerate advertisements sent to 42,311 consumers from July through October 2018 used the IRS’s distinctive black and white block letter formatting of the year “2018,” and displayed a QR Code next to the words “ADMINISTRATIVE OFFICE” where the sender’s name would normally appear.
41. These advertisements also instructed the consumer to call “our VA Program Representative . . . to receive a detailed explanation of the benefits available and how to access them.” In addition to these characteristics, this instruction implied that if consumers called the toll-free number provided, they would be connected to someone affiliated with the VA who could advise them on

their benefits, rather than an employee of a third-party mortgage broker or lender interested in convincing them to refinance their current mortgage.

42. In another example, Accelerate advertisements sent to 30,500 consumers in October 2018 were formatted to look like an official citation or ticket, as follows:

<p>EXPIRATION NOTICE</p> 			 VAZ30148670
<p>RE: [REDACTED] County: Maricopa County</p>			
<p>6*4*1589*****ALL FOR AADC 852 [REDACTED] [REDACTED] [REDACTED]</p> 	<p>Notice Type: First</p>		
	<p>Notice Number: VAZ30148670</p>		
	<p>Requirements: Waiting Period Completion</p>		

43. The use of the words “EXPIRATION NOTICE” in bold with reference to the property address and county in which the property was located, combined with the barcode along the left-hand side and the details about the “Notice Type” and “Notice Number,” created the impression that the document was from a government agency.
44. In another example, Accelerate advertisements sent to 6,501 consumers in April 2018 displayed an official “Member FDIC” logo, even though Accelerate is not and has never been a member of the FDIC.
45. Consumers who received the advertisements described in paragraphs 36-44

were likely to be misled by them.

46. The advertisements were also likely to affect consumers' conduct or decisions with regard to obtaining a loan.

False and Misleading Representations About Time Limits on VA Loan Benefits

47. Numerous Accelerate mortgage advertisements falsely represented that the consumer's access to mortgage-refinance benefits through VA-guaranteed loans was time-limited.
48. For example, Accelerate advertisements sent to 56,497 consumers in July 2019 stated: "This VA Cash-Out program is available to Veterans like you! This offer is available to you through July 15, 2019." The advertisements provided general information about VA cash-out refinance loans, such as stating that the cash-out refinance loan, including the consumer's existing mortgage balance, could be for up to 100% of the home's value. The advertisements did not provide any time-sensitive mortgage terms such as interest rate, APR, or payment amount.
49. This statement above represented that the veteran's access to benefits under the "VA Cash-Out program" would expire after July 15, 2019.
50. In fact, that representation was false because a veteran's eligibility for and access to the benefits of a VA loan never expire.
51. Reasonable consumers who received the advertisements described in

paragraphs 47-50 were likely to be misled by them under the circumstances.

52. The advertisements were also likely to affect consumers' conduct or decisions with regard to obtaining a loan.

Inadequate Disclosures

53. Many of Accelerate's mortgage advertisements stated a period of repayment or the amount of a payment. Under certain sections of Regulation Z, including § 1026.24(d) and (f), the use of these terms triggers specific disclosure requirements. Many of the advertisements did not include the other disclosures that are required or did not include them in the manner required.
54. Numerous Accelerate mortgage advertisements stated the period of repayment or the amount of a payment, but failed to state the terms of repayment reflecting the consumer's repayment obligations over the full term of the loan.
55. For example, the advertisements for cash-out refinance loans described in Paragraphs 29-30 above stated a payment amount but failed to state the terms of repayment reflecting the repayment obligations over the full term of the loan. Specifically, the advertisements disclosed terms of repayment only for the portion of the loan that would be used to cash out the \$20,000 amount against the consumer's home equity; they did not disclose the terms

of repayment for the full amount of the advertised cash-out refinance loan over the full term of the loan.

56. In another example, Accelerate advertisements sent to 20,002 consumers in November 2018 stated that the advertised mortgage would have a monthly payment of \$1,304.12.
57. Although these advertisements stated a payment amount, they failed to state the annual percentage rate (APR) of the advertised mortgage.
58. Numerous Accelerate mortgage advertisements stated the amount of a payment, but failed to state the amount of each payment that would apply over the term of the loan; failed to clearly and conspicuously state the period during which each payment would apply; or failed to state the fact that the advertised payments did not include amounts for taxes and insurance premiums, if applicable, and that the actual payment obligation would be greater, or failed to do so clearly and conspicuously.
59. For example, the advertisements for cash-out refinance loans described in Paragraphs 29-30 above disclosed only the monthly payment amount for the portion of the loan that would be used to take out the advertised cash-out amount. Although these advertisements stated a payment amount, they failed to disclose the full amount of each payment that would apply over the term of the loan. These advertisements also did not contain an equally prominent

and closely proximate statement of the period during which each payment would apply, as Regulation Z requires in § 1026.24(f)(3). The term of the loan was stated only in fine print at the bottom. The advertisements also failed to disclose that the payment amount did not include amounts for taxes and insurance premiums, if applicable, and that the actual payment obligation would be greater.

VIOLATIONS OF REGULATION Z

Unavailable Credit Terms, 12 C.F.R. § 1026.24(a)

60. Under 12 C.F.R. § 1026.24(a), “[i]f an advertisement for credit states specific credit terms, it shall state only those terms that actually are or will be arranged or offered by the creditor.”
61. Accelerate violated § 1026.24(a) because, as described in Paragraphs 22-33, numerous Accelerate advertisements for credit stated specific credit terms other than those terms that actually were or would be arranged or offered by the creditor.

Terms of Repayment, 12 C.F.R. § 1026.24(d)

62. Under 12 C.F.R. § 1026.24(d)(1), if an advertisement sets forth any of the four specified triggering terms (the amount or percentage of any downpayment, the number of payments or period of repayment, the amount of any payment, or the amount of any finance charge), the advertisement

must also state, among other things, “[t]he terms of repayment, which reflect the repayment obligations over the full term of the loan, including any balloon payment” and the APR of the loan. 12 C.F.R. § 1026.24(d)(1), (2)(ii), (iii).

63. Accelerate violated § 1026.24(d) because, as described in Paragraphs 54-57, numerous Accelerate mortgage advertisements set forth the period of repayment or the amount of any payment, which are triggering terms under § 1026.24(d)(1)(ii) and (iii), but failed to state the repayment obligations over the full term of the loan, pursuant to § 1026.24(d)(2)(ii) or the APR of the loan, pursuant to § 1026.24(d)(2)(iii).

Inadequate Disclosure of Payment Terms, 12 C.F.R. § 1026.24(f)(3)(i)

64. Under 12 C.F.R. § 1026.24(f)(3)(i), a direct-mail mortgage advertisement that “states the amount of any payment” must disclose, in a clear and conspicuous manner:

(A) The amount of each payment that will apply over the term of the loan, including any balloon payment. In variable-rate transactions, payments that will be determined based on the application of the sum of an index and margin shall be disclosed based on a reasonably current index and margin;

(B) The period of time during which each payment will apply;
and

(C) In an advertisement for credit secured by a first lien on a dwelling, the fact that the payments do not include amounts

for taxes and insurance premiums, if applicable, and that the actual payment obligation will be greater.

65. Accelerate violated § 1026.24(f)(3)(i) because, as described in Paragraphs 58-59, numerous Accelerate direct-mail mortgage advertisements stated the amount of a payment but did not include one or more of the disclosures required pursuant to § 1026.24(f)(3)(i)(A) through (C), or did not disclose them clearly and conspicuously, as defined in § 1026.24(f)(3)(ii).

VIOLATIONS OF THE MAP RULE (REGULATION N)

Misrepresentations About Rates, 12 C.F.R. § 1014.3(b)

66. Under 12 C.F.R. § 1014.3(b), it is a violation for any person subject to the MAP Rule to make any misrepresentation, directly or indirectly, expressly or by implication, in any commercial communication, about “[t]he annual percentage rate, simple annual rate, periodic rate, or any other rate” applicable to a mortgage credit product. Under 12 C.F.R. § 1014.3, such a misrepresentation is specifically prohibited and is therefore material.
67. Accelerate violated § 1014.3(b) because, as described in Paragraphs 26-27, numerous Accelerate mortgage advertisements contained misrepresentations about the interest rate applicable to a mortgage credit product.

Misrepresentations About Fees or Costs, 12 C.F.R. § 1014.3(c)

68. Under 12 C.F.R. § 1014.3(c), it is a violation for any person subject to the MAP Rule to make any misrepresentation, directly or indirectly, expressly or by implication, in any commercial communication, about “[t]he existence, nature, or amount of fees or costs to the consumer associated with the mortgage credit product, including but not limited to misrepresentations that no fees are charged.” Under 12 C.F.R. § 1014.3, such a misrepresentation is specifically prohibited and is therefore material.
69. Accelerate violated § 1014.3(c) because, as described in Paragraphs 31-33, numerous Accelerate mortgage advertisements contained misrepresentations about the existence, nature, or amount of fees or costs to the consumer associated with a mortgage credit product.

**Misrepresentations About Cash Available,
12 C.F.R. § 1014.3(j)**

70. Under 12 C.F.R. § 1014.3(j), it is a violation for any person subject to the MAP Rule to make any misrepresentation, directly or indirectly, expressly or by implication, in any commercial communication, about “[t]he existence, nature, or amount of cash or credit available to the consumer in connection with the mortgage credit product, including but not limited to misrepresentations that the consumer will receive a certain amount of cash

or credit as part of a mortgage credit transaction.” Under 12 C.F.R. § 1014.3, such a misrepresentation is specifically prohibited and is therefore material.

71. Accelerate violated § 1014.3(j) because, as described in Paragraphs 28-30, numerous Accelerate mortgage advertisements contained misrepresentations about the existence, nature, or amount of cash available to the consumer in connection with the mortgage credit product, including misrepresentations that the consumer would receive a certain amount of cash as part of a mortgage credit transaction.

Misrepresentations About Payments, 12 C.F.R. § 1014.3(k)

72. Under 12 C.F.R. § 1014.3(k), it is a violation for any person subject to the MAP Rule to make any misrepresentation, directly or indirectly, expressly or by implication, in any commercial communication, about “[t]he existence, number, amount, or timing of any minimum or required payments, including but not limited to misrepresentations about any payments or that no payments are required in a reverse mortgage or other mortgage credit product.” Under 12 C.F.R. § 1014.3, such a misrepresentation is specifically prohibited and is therefore material.
73. Accelerate violated § 1014.3(k) because, as described in Paragraphs 28-30, numerous Accelerate mortgage advertisements contained misrepresentations

about the payments that would be required in connection with the advertised mortgage credit product.

Misrepresentations About Government Affiliation, 12 C.F.R. § 1014.3(n)

74. Under 12 C.F.R. § 1014.3(n), it is a violation for any person subject to the MAP Rule to make any misrepresentation, directly or indirectly, expressly or by implication, in any commercial communication, about:

the association of the mortgage credit product or any provider of such product with any other person or program, including but not limited to misrepresentations that:

(1) The provider is, or is affiliated with, any governmental entity or other organization; or

(2) The product is or relates to a government benefit, or is endorsed, sponsored by, or affiliated with any government or other program, including but not limited to through the use of formats, symbols, or logos that resemble those of such entity, organization, or program.

Under 12 C.F.R. § 1014.3, such a misrepresentation is specifically prohibited and is therefore material.

75. Accelerate violated § 1014.3(n) because, as described in Paragraphs 36-44, numerous Accelerate mortgage advertisements contained misrepresentations that the provider of the advertised mortgage credit product was, or was affiliated with, a governmental entity; that the advertised product related to a

federal tax benefit; or that the advertised product was endorsed by, sponsored by, or affiliated with a governmental entity such as the IRS or the FDIC.

VIOLATIONS OF THE CFPA

76. Under the CFPA, it is unlawful for any covered person or service provider to engage in a deceptive act or practice in connection with any transaction with a consumer for a consumer-financial product or service, or the offering of a consumer-financial product or service. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).
77. An act or practice is deceptive if it involves a material misrepresentation or omission that is likely to mislead consumers acting reasonably under the circumstances.
78. Information that is likely to affect a consumer's choice of, or conduct regarding, a product or service is material to consumers.

Deceptive Representations About Credit Terms

79. In numerous instances, as described in Paragraphs 22-35, Accelerate's mortgage advertisements represented, expressly or by implication, that specific credit terms were available or would be arranged or offered by the creditor, including representations about specific interest rates, payment amounts, or closing costs stated in those advertisements, when in fact those

specific credit terms were not available or were not terms that Accelerate was actually prepared to arrange or offer.

80. Accelerate's misrepresentations about the availability of the advertised credit terms of the advertised mortgage were likely to mislead consumers acting reasonably under the circumstances.
81. Accelerate's misrepresentations about the credit terms of the advertised mortgage were material because they were likely to affect the conduct or decisions of consumers.
82. Therefore, Accelerate engaged in deceptive acts and practices in violation of the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Deceptive Representations About Government Affiliation

83. In numerous instances, as described in Paragraphs 36–46, Accelerate's mortgage advertisements represented, expressly or by implication, that Accelerate was affiliated with a governmental entity; that the advertised product related to a federal tax benefit; that the advertised product was endorsed, sponsored by, or affiliated with a governmental entity such as the IRS or the FDIC; or that the advertisement was sent by or on behalf of the VA or another governmental entity.
84. In fact, Accelerate was not affiliated with the government and the advertised product did not relate to a federal tax benefit; the advertised product was not

endorsed, sponsored by, or affiliated with the IRS or the FDIC; and the advertisement was not sent by or on behalf of the VA or another governmental entity.

85. Accelerate's misrepresentations about government affiliation were likely to mislead consumers acting reasonably under the circumstances.
86. Accelerate's misrepresentations about government affiliation were material because they were likely to affect the conduct or decisions of consumers.
87. Therefore, Accelerate engaged in deceptive acts and practices in violation of the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Deceptive Representations About Time Limits on VA Loan Benefits

88. In numerous instances, as described in Paragraphs 47-52, Accelerate's mortgage advertisements represented, expressly or by implication, that a veteran's access to mortgage-refinance benefits through VA-guaranteed loans was time-limited.
89. In fact, a veteran's eligibility for and access to the benefits of a VA loan never expire.
90. Accelerate's misrepresentations about time limits on VA loan benefits were likely to mislead consumers acting reasonably under the circumstances.
91. Accelerate's misrepresentations about time limits on VA loan benefits were material because they were likely to affect the conduct or decisions of

consumers.

92. Therefore, Accelerate engaged in deceptive acts and practices in violation of the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

**Violations of the CFPA Based on Violations of
Regulation Z and the MAP Rule**

93. Under the CFPA, a covered person's violation of a Federal consumer financial law, which includes enumerated consumer laws and rules thereunder, violates the CFPA. 12 U.S.C. §§ 5536(a)(1)(A), 5481(14).
94. Regulation Z and the MAP Rule are Federal consumer financial laws.
95. Accelerate's violations of Regulation Z and the MAP Rule, described in Paragraphs 60-75, constitute violations of § 1036(a)(1)(A) of the CFPA. 12 U.S.C. § 5536(a)(1)(A).

CONDUCT PROVISIONS

VI.

Mortgage Advertising Prohibitions and Disclosure Requirements

IT IS ORDERED, under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, that:

96. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate 12 C.F.R. § 1014.3 and 12 C.F.R. § 1026.24, and

in connection with the advertising, marketing, promotion, or offering for sale of any mortgage credit product, are restrained from:

- a. Misrepresenting, or assisting others in misrepresenting, expressly or by implication:
 1. Any fact material to consumers regarding a mortgage credit product, including but not limited to the following: the total costs; any material restrictions, limitations, or conditions; or any material aspect of its performance, efficacy, nature, or central characteristics;
 2. The availability of an advertised or offered mortgage to any consumer; or
 3. The existence of any deadline, expiration date, or timeframe for a consumer to obtain or exercise his or her VA benefits.
- b. Including or using any words, phrases, images, or design characteristics that falsely state or imply that:
 1. The source of the advertisement is the government or is affiliated with the government; or
 2. The advertisement is anything other than an advertisement for a mortgage;

- c. Including or using any of the following words, phrases, images, or design characteristics:
1. “Benefit announcement”
 2. “Eligibility advisory”
 3. “Eligibility notice”
 4. “Eligibility status”
 5. “Expiration notice”
 6. “Pending authorization”
 7. “VA loan department”
 8. “VA loan representative”
 9. “VA loan specialist”
 10. “VA program customer support”
 11. “VA specialist”
 12. “Waiting period”
 13. The IRS signature year style (two digits in white or outlined text and the other two digits in black text);
 14. The format of an IRS form, including Form W-2, or a substantially similar format; or
 15. Any VA or United States Department of Defense (DOD) logo, or a logo, emblem, or other representation that resembles—or

that a consumer could reasonably interpret as—a VA or DOD logo.

97. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, in connection with the advertising, marketing, promotion, or offering for sale of any mortgage credit product, must take the following affirmative actions:
- a. Respondent must have prior substantiation for all express and implied claims made in Respondent's mortgage advertisements.
 - b. In any direct-mail mortgage advertisement that states a cash-out amount for a cash-out refinance mortgage and a monthly payment amount only for the portion of that mortgage used to obtain that cash-out amount, Respondent must disclose, Clearly and Prominently: (1) that obtaining the stated cash-out amount requires the consumer to refinance the entire amount of the consumer's existing mortgage with a new loan purchased from Respondent, and (2) the total monthly payment amount(s) for such a refinanced mortgage.
 - c. If a mortgage advertisement includes the amount or percentage of any downpayment, the number of payments or period of repayment, the

amount of any payment, or the amount of any finance charge, the advertisement must also include, at a minimum:

1. The amount or percentage of the downpayment;
 2. The term of the loan in either months, years, or number of monthly payments;
 3. The amount of each payment that will apply over the term of the loan, including any balloon payment. In variable-rate transactions, payments that will be determined based on the application of the sum of an index and margin shall be disclosed based on a reasonably current index and margin;
 4. The period during which each payment will apply;
 5. The fact that the payments do not include amounts for taxes and insurance premiums, if applicable, and that the actual payment obligation will be greater;
 6. The loan amount upon which the disclosures are based; and
 7. The “annual percentage rate,” using that term, and, if the rate may be increased after consummation, that fact.
- d. Any disclosure in a direct-mail mortgage advertisement that must be made with “equal prominence and in close proximity” under Regulation Z, 12 CF.R. § 1026.24, must be:

1. In the same type size as the advertised rates or payments triggering the required disclosures;
2. Located immediately next to or directly above or below the advertised rates or payments triggering the required disclosures, without any intervening text or graphical displays; and
3. Otherwise compliant with Regulation Z, as applicable.

VII.

Advertising Review

IT IS FURTHER ORDERED that:

98. Respondent, whether acting directly or indirectly, must take the following affirmative actions:
 - a. Respondent's Advertising Compliance Official must review each mortgage advertisement template before any advertisement based on that template is disseminated to a consumer to ensure that it is compliant with TILA, Regulation Z, the MAP Rule, the CFPA, and this Consent Order. This review must encompass any envelope or mailer and all enclosures. This review includes reviewing all claims made in the advertisement, expressly or by implication, to ensure that they are accurate and substantiated.

- b. Before any set of direct-mail advertisements based on a template is mailed to consumers, the Advertising Compliance Official must review an Exemplar of those advertisements—including any envelope, mailer, and enclosures—to ensure that it is compliant with TILA, Regulation Z, the MAP Rule, the CFP A, and this Consent Order. This includes reviewing all claims made in the advertisement, expressly or by implication, to ensure that they are accurate and substantiated. All specific credit terms stated in the Exemplar must be available and based on a reasonably current index rate, if applicable, at the time the advertisement is disseminated. This requirement applies whether the set is mailed as a single set or in multiple sets or subsets. It also applies whether the set is mailed out at a single time or over a period.
- c. The Advertising Compliance Official must document in writing his or her review of each advertisement template or Exemplar. That documentation must include a copy of the advertisement, the date of the review, and documents sufficient to substantiate all claims made in the advertisement, expressly or by implication. If the advertisement includes specific rates, that documentation must also include a rate sheet showing the availability of the advertised rate(s). If the

advertisement states an APR, that documentation must include a copy of a worksheet showing the calculation of the APR, including all inputs assumed when calculating that number. If the advertisement states an amount of cash that a borrower might receive, the documentation must state the method of arriving at that number and include any materials used to determine the availability of that amount.

- d. The Advertising Compliance Official and any employees with responsibilities related to designing, developing, or approving the content of Respondent's mortgage advertisements must participate in annual training on TILA, Regulation Z, the MAP Rule, and the CFPB, as those laws apply to mortgage advertising.

VIII.

Compliance Plan

IT IS FURTHER ORDERED that:

99. Within 30 days of the Effective Date, Respondent must submit to the Enforcement Director for review and determination of non-objection a comprehensive compliance plan designed to ensure that Respondent's mortgage advertising complies with all applicable Federal consumer

financial laws and the terms of this Consent Order (Compliance Plan). The Compliance Plan must include, at a minimum:

- a. Detailed steps for addressing each action required by this Consent Order; and
- b. Specific timeframes and deadlines for implementation of the steps described above.

100. The Enforcement Director will have the discretion to make a determination of non-objection to the Compliance Plan or direct Respondent to revise it. If the Enforcement Director directs Respondent to revise the Compliance Plan, Respondent must make the revisions and resubmit the Compliance Plan to the Enforcement Director within 15 days.
101. After receiving notification that the Enforcement Director has made a determination of non-objection to the Compliance Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan.

MONETARY PROVISIONS

IX.

Order to Pay Civil Money Penalty

IT IS FURTHER ORDERED that:

102. Under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section V of this Consent Order, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Respondent must pay a civil money penalty of \$225,000 to the Bureau.
103. Within 10 days of the Effective Date, Respondent must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.
104. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by § 1017(d) of the CFPA, 12 U.S.C. § 5497(d).
105. Respondent, for all purposes, must treat the civil money penalty paid under this Consent Order as a penalty paid to the government. Regardless of how the Bureau ultimately uses those funds, Respondent may not:
 - a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or

- b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.
106. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent benefit by, any offset or reduction of any compensatory monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action or because of any payment that the Bureau makes from the Civil Penalty Fund. If the court in any Related Consumer Action offsets or otherwise reduces the amount of compensatory monetary remedies imposed against Respondent based on the civil money penalty paid in this action or based on any payment that the Bureau makes from the Civil Penalty Fund, Respondent must, within 30 days after entry of a final order granting such offset or reduction, notify the Bureau, and pay the amount of the offset or reduction to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

X.

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

107. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.
108. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondent.
109. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer-identification numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.
110. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Enforcement Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid

or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

COMPLIANCE PROVISIONS

XI.

Reporting Requirements

IT IS FURTHER ORDERED that:

111. Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in Respondent's name or address. Respondent must provide this notice, if practicable, at least 30 days before the development, but in any case, no later than 14 days after the development.
112. Within 7 days of the Effective Date, Respondent must:
 - a. Designate at least one telephone number and email, physical, and postal addresses as points of contact, that the Bureau may use to communicate with Respondent;

- b. Identify all businesses for which Respondent is the majority owner, or that Respondent directly or indirectly controls, by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; and
 - c. Describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales.
113. Respondent must report any change in the information required to be submitted under Paragraph 112 at least 30 days before the change or as soon as practicable after the learning about the change, whichever is sooner.
114. Within 90 days of the Effective Date, and again one year after receiving notice of non-objection to the Compliance Plan, Respondent must submit to the Enforcement Director an accurate written compliance progress report (Compliance Report) that has been approved by Respondent's executive officers, sworn to under penalty of perjury, which, at a minimum:
- a. Lists each applicable paragraph and subparagraph of the Consent Order and describes in detail the manner and form in which Respondent has complied with each such paragraph and subparagraph of the Consent Order;

- b. Describes in detail the manner and form in which Respondent has complied with the Compliance Plan;
- c. Describes in detail any instances in which Respondent has not complied with the Consent Order or Compliance Plan, with an explanation of why any such instances occurred; and
- d. Attaches a copy of each Order Acknowledgment obtained under Section XII, unless previously submitted to the Bureau.

XII.

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

- 115. Within 7 days of the Effective Date, Respondent must submit to the Enforcement Director an acknowledgment of receipt of this Consent Order, sworn under penalty of perjury.
- 116. Within 30 days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its board members (if any) and executive officers, as well as to any managers, employees, service providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.
- 117. For 5 years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure

referred to in Section XI, any future board members and executive officers, as well as to any managers, employees, service providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.

118. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et seq.*, within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.
119. Within 90 days of the Effective Date, Respondent must provide the Bureau with a list of all persons and their titles to whom this Consent Order was delivered through that date under Paragraphs 116-17 and a copy of all signed and dated statements acknowledging receipt of this Consent Order under Paragraph 118.

XIII.

Recordkeeping

IT IS FURTHER ORDERED that:

120. Respondent must comply with the recordkeeping requirements of 12 C.F.R. § 1014.5, including but not limited to keeping, for a period of twenty-four months from the last date Respondent made or disseminated the applicable

commercial communication regarding any term of any mortgage credit product, the following evidence of compliance with the MAP Rule:

- a. Copies of all materially different commercial communications as well as sales scripts, training materials, and marketing materials, regarding any term of any mortgage credit product, that Respondent made or disseminated during the relevant time period;
- b. Documents describing or evidencing all mortgage credit products available to consumers during the time period in which Respondent made or disseminated each commercial communication regarding any term of any mortgage credit product, including but not limited to the names and terms of each such mortgage credit product available to consumers; and
- c. Documents describing or evidencing all additional products or services (such as credit insurance or credit disability insurance) that are or may be offered or provided with the mortgage credit products available to consumers during the time period in which Respondent made or disseminated each commercial communication regarding any term of any mortgage credit product, including but not limited to the names and terms of each such additional product or service available to consumers.

121. Respondent must retain its mailing lists for direct-mail mortgage advertisements disseminated within 5 years of the Effective Date for at least 5 years after dissemination of the advertisement.
122. Respondent must retain the documentation required by Paragraph 98(c) for at least 5 years after dissemination of the advertisement.
123. Respondent must create or, if already created, must retain the following business records:
 - a. All documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau;
 - b. Copies of all advertisements, websites, and other marketing materials, including any such materials used by a third party on Respondent's behalf; and
 - c. All consumer complaints and refund requests (whether received directly or indirectly, such as through a third party), and any responses to those complaints or requests.
124. Respondent must retain the documents identified in Paragraph 123 for at least 5 years after creation of the record.
125. Respondent must make the documents identified in Paragraphs 120-24 available to the Bureau upon the Bureau's request.

XIV.

Notices

IT IS FURTHER ORDERED that:

126. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, “*In re Accelerate Mortgage, LLC*, File No. 2020-BCFP-0014,” and send them by overnight courier or first-class mail to the below address and contemporaneously by email to Enforcement_Compliance@cfpb.gov:

Assistant Director for Enforcement
Bureau of Consumer Financial Protection
ATTENTION: Office of Enforcement
1700 G Street, N.W.
Washington D.C. 20552

XV.

Compliance Monitoring

IT IS FURTHER ORDERED that:

127. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested non-privileged information, related to requirements of this Consent Order, which must be made under penalty of perjury; provide sworn testimony related to requirements of this Consent Order and Respondents’ compliance with those

requirements; or produce non-privileged documents related to requirements of this Consent Order and Respondents' compliance with those requirements.

128. For purposes of this Section, the Bureau may communicate directly with Respondent, unless Respondent retains counsel related to these communications.
129. Respondent must permit Bureau representatives to interview about the requirements of this Consent Order and Respondent's compliance with those requirements any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present.
130. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

XVI.

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

131. Respondent may seek a modification to non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Enforcement Director.

132. The Enforcement Director may, in his or her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if he or she determines good cause justifies the modification. Any such modification by the Enforcement Director must be in writing.

XVII.

Administrative Provisions

IT IS FURTHER ORDERED that:

133. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau from taking any other action against Respondent, except as described in Paragraph 134. Further, for the avoidance of doubt, the provisions of this Consent Order do not bar, estop, or otherwise prevent any other person or governmental agency from taking any action against Respondent.
134. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section V of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its

affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.

135. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under § 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.
136. The requirements under Paragraphs 121–22 and 124–25 of this Consent Order will terminate when the specified recordkeeping periods have expired. All other requirements under this Consent Order will terminate 5 years from the Effective Date. The Consent Order will remain effective and enforceable until such times, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.
137. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
138. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale,

obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.

139. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under § 1055(c) of the CFP A, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.
140. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.

141. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing Respondent, its officers, or its employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 27th day of August, 2020.


Kathleen L. Kraninger
Director
Bureau of Consumer Financial Protection