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# CFPB Takes Action Against Mortgage Lender for Deceptive Advertising



### Bureau Orders RMK Financial to Pay \$250,000 for Deceiving Borrowers with Claims of Government Affiliation

WASHINGTON, D.C. — Today the Consumer Financial Protection Bureau (CFPB) took action against RMK Financial Corporation for deceptive mortgage advertising practices, including ads that led consumers to believe that the company was affiliated with the U.S. government. The CFPB is ordering RMK to end its illegal and deceptive practices and pay a civil penalty of \$250,000.

“Deceptive advertising has no place in the mortgage marketplace, and the Consumer Bureau will continue to take action against companies that mislead consumers with false claims of government affiliation,” said CFPB Director Richard Cordray. “Today’s action sends a clear message that misleading consumers is illegal, unacceptable, and will not be tolerated.”

RMK Financial Corporation is a California-based mortgage lender which also does business under the name Majestic Home Loans. RMK mailed print advertisements to more than 100,000 consumers in several states, using the names and logos of the Department of Veterans Affairs (VA) and the Federal Housing Administration (FHA) in a way that falsely implied that the advertisements were sent by the VA or FHA, or that the company or the advertised mortgage products were endorsed or sponsored by the VA or FHA. RMK sent its advertisements to tens of thousands of U.S. military servicemembers and veterans, and other holders of VA-guaranteed mortgages.

The company’s typical advertisement for VA mortgages featured the Department of Veterans Affairs seal and logo at the top of the page and described its loan products as part of a “distinctive program offered by the U.S. government.” The ad instructed consumers to call the “VA Interest Rate Reduction Department” at a phone number that in fact belonged to RMK. Some mailers were labeled “FHA Benefits” and included an image of the Statue of Liberty on the outside, along with warnings citing the U.S. Code and threatening fines and imprisonment for tampering with the letter.

RMK’s ads also contained misrepresentations about the loans’ interest rates and estimated monthly payments, including whether the interest rate was fixed or variable. Consumers who called the company were sometimes given misleading information over the phone; in some cases RMK employees told callers or implied that RMK was endorsed by the VA or FHA.

The CFPB’s investigation found that RMK’s practices violated the Truth in Lending Act, the Mortgage Acts and Practices Advertising Rule, and other federal consumer laws. The 2011 Mortgage Acts and Practices Advertising Rule prohibits misleading claims in mortgage advertising, including implying a government affiliation.

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Under the terms of today’s consent order, RMK will be prohibited from falsely implying a government affiliation in future advertisements. It will also pay a civil penalty of \$250,000.

A copy of the RMK Financial Corporation administrative consent order is available here: [http://files.consumerfinance.gov/f/201504\\_cfpb\\_consent-order\\_rmk-financial-corporation.pdf](http://files.consumerfinance.gov/f/201504_cfpb_consent-order_rmk-financial-corporation.pdf)

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit [consumerfinance.gov](http://consumerfinance.gov).

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