

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

ADMINISTRATIVE PROCEEDING
File No. 2021-CFPB-0002

In the Matter of:

CONSENT ORDER

Nationwide Equities Corporation

The Consumer Financial Protection Bureau (Bureau) has reviewed certain direct-mail mortgage advertising activities of Nationwide Equities Corporation (NWEC or Respondent, as defined below) and has identified violations of § 1014.3 of the Mortgage Acts and Practices—Advertising Rule (MAP Rule or Regulation N), 12 C.F.R. § 1014.3; § 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; 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 (Consent Order).

I.

Overview

1. NWEC is a mortgage broker and mortgage lender that offers and provides mortgage loans, primarily jumbo reverse mortgage loans and Home Equity Conversion Mortgage loan (HECMs).
2. The reverse mortgage loans offered by NWEC are typically secured by a first lien on the borrower's dwelling.
3. NWEC advertises these mortgage products to consumers through direct-mail advertising campaigns targeted at homeowners aged 62 or older and through communications sent to financial professionals who have clients aged 62 or older.
4. NWEC has sent these older homeowners and financial professionals hundreds of thousands of advertisements that violate federal law because they are misleading.

II.

Jurisdiction

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

III.

Stipulation

6. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated April 20, 2021 (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 106. 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. “Assisting Others” includes, but is not limited to:

- i. consulting in any form whatsoever;
- ii. providing paralegal or administrative support services;
- iii. performing customer service functions, including but not limited to, receiving or responding to consumer complaints;
- iv. formulating or providing, or arranging for the formulation or provision of, any advertising or marketing material, including but not limited to, any telephone sales script, direct mail solicitation, or the text of any Internet website, email, or other electronic communication or advertisement;
- v. formulating or providing, or arranging for the formulation or provision of, any marketing support material or service, including but not limited to, web or Internet Protocol addresses or domain name registration for any Internet websites, affiliate marketing services, or media placement services;
- vi. providing names of, or assisting in the generation of, potential customers;

- vii. performing marketing, billing, or payment services of any kind;
and
 - viii. acting or serving as an owner, officer, director, manager, or
principal of any entity.
- c. “Effective Date” means the date on which the Consent Order is entered
on the administrative docket.
- 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 December 1, 2015, to the Effective
Date.
- h. “Respondent” means Nationwide Equities Corporation and its successors
and assigns.

- i. “Reverse Mortgage Loan” means a type of home loan that allows a homeowner to borrow money against the equity in a house. The funds advanced to the homeowner accrue interest, which is added to the balance of the loan, until the loan must be repaid when (1) the borrower moves out of or sells the property; (2) the borrower or the subsequent eligible non-borrowing spouse dies; or (3) the borrower does not meet the obligations of the loan. This definition includes, but is not limited to, Home Equity Conversion Mortgages (HECMs), which are a specific type of reverse mortgage loan offered or extended to homeowners aged 62 or older that are regulated and insured by the Federal Housing Administration (FHA), and jumbo reverse mortgage loans, which allow homeowners to borrow in excess of the FHA limit on HECMs, usually up to \$4 million.
- j. “Servicer provider” means any person that provides a material service to a covered person in connection with the offering or provision by such covered person of a consumer financial product or service, including a person that:
 - i. participates in designing, operating, or maintaining the consumer financial production product or service; or

- ii. processes transactions relating to the consumer financial product or service (other than unknowingly or incidentally transmitting or processing financial data in a manner that such data is undifferentiated from other types of data of the same form as the person transmits or processes).

The term “service provider” does not include a person solely by virtue of such person offering or providing to a covered person:

- i. a support service of a type provided to businesses generally or a similar ministerial service; or
- ii. time or space for an advertisement for a consumer financial product or service through print, newspaper, or electronic media.

V.

Bureau Findings and Conclusions

The Bureau finds the following:

- 8. NWEC is a New York corporation with its principal place of business in Mahwah, New Jersey.
- 9. NWEC is currently licensed in 17 states and the District of Columbia and operates 3 retail branches across the country.

10. NWEC is a “person,” as defined in the CFPB, 12 U.S.C. § 5481(19), the MAP Rule, 12 C.F.R. § 1014.2, and Regulation Z, 12 C.F.R. § 1026.2(a)(22), because it is a corporation.
11. NWEC is a “covered person” under the CFPB, 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. NWEC is 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. NWEC provides “mortgage credit product[s],” as that term is defined in the MAP Rule. 12 C.F.R. § 1014.2.
14. NWEC’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, NWEC has offered “closed-end credit” in the form of mortgage loans to some “consumers,” as those terms are defined in Regulation Z. 12 C.F.R. § 1026.2(a)(10) & (11).

16. Some of NWEC’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. NWEC offers consumer mortgages, including jumbo reverse mortgage loans and Home Equity Conversion Mortgages (HECMs).
18. NWEC’s principal means of advertising these reverse mortgages is through direct-mail advertisements sent to older homeowners.
19. NWEC also disseminates flyers to advertise reverse mortgage loans to financial professionals whose clients are older homeowners.
20. Since December 2015, NWEC has mailed hundreds of thousands of mortgage advertisements and distributed flyers to older homeowners and financial professionals whose clients were older homeowners in at least 36 states and the District of Columbia.
21. Hundreds of thousands of consumers have received at least one of NWEC’s direct-mail advertisements, and thousands of consumers have obtained mortgages through NWEC.

False, Misleading, and Inaccurate Representations

22. Federal consumer financial law contains numerous provisions banning material misrepresentations, expressly or by implication, in any commercial communication regarding any term of any mortgage credit product,

including the 19 specific, non-exhaustive types of prohibited misrepresentations that are identified in the MAP Rule and thus are presumed material.

23. Despite those prohibitions, NWEC distributed numerous mortgage advertisements during the Relevant Period that contained false, misleading, and inaccurate statements, as described below.

False or Misleading Representations About the Amount of Fees or Costs Associated with the Reverse Mortgage Loan and Consequences of Nonpayment

24. In numerous instances during the Relevant Period, NWEC sent solicitation letters and distributed flyers that misrepresented the amount of fees, costs, and conditions associated with the reverse mortgage loan it was offering.
25. These misrepresentations included whether additional payment of taxes or insurance was required, and relatedly, whether the consumer would have a right to reside in her home and her potential for default under the reverse mortgage loan if those payments were not made.
26. For example, NWEC offered a loan “that allows senior homeowners to immediately increase their monthly cash flow TAX FREE” and “accomplish their goals without touching savings, investments, or current income.”
27. In another solicitation, NWEC claimed taking out a reverse mortgage loan “[e]liminates monthly mortgage payments” while allowing the borrower to

- “[s]tay in your home,” with “[l]oan proceeds [that] are tax-free.”
28. The ads did not state that payments for taxes and insurance owed in connection with borrowers’ houses must still be paid, regardless of whether monthly loan payments to the lender have been eliminated.
 29. These ads therefore implied that no payments (including those for taxes and insurance) were required.
 30. But reverse mortgage borrowers are either required to make tax and insurance payments on their own or, if the lender determines the borrower may have insufficient funds to ensure payment of future taxes and insurance, through a reserve account setting aside a portion of their loan proceeds.
 31. These taxes, fees, insurance may be substantial.
 32. If a reverse mortgage borrower fails to pay such taxes and insurance the lender or loan servicer may call the loan due and payable and the borrower may lose the home to foreclosure.
 33. Borrowers also do not have an unconditional right to stay in their homes. A borrower could lose the right to stay in her home by failing to do any of the following: (1) pay taxes and insurance, (2) occupy the home as her principal residence, or (3) fail to properly maintain the home.
 34. Fees, costs, payment amounts, and the consequences of non-payment, including as to taxes and insurance, are material terms of a mortgage credit

product.

35. The amount of fees, costs, and payments for a loan could significantly affect whether a consumer assumes it to be in her best interest to obtain the loan. The representations described in Paragraphs 24 to 28 were therefore likely to affect consumers' conduct or decisions regarding such loans.

False or Misleading Representations About the Nature of the Mortgage Credit Product Offered and the Source of Communications Sent to Consumers

36. During the Relevant Period, NWEC often disseminated solicitation letters and flyers to consumers who had taken out their current reverse mortgage with a different lender and financial professionals whose clients had taken out their current reverse mortgage loan with a different lender.
37. In numerous instances during the Relevant Period, NWEC sent solicitation letters and distributed flyers that misrepresented the nature of the mortgage credit product it offered to consumers or the source of the solicitation letters.
38. NWEC's letters also misrepresented that it was offering a loan associated with the consumer's current lender that originated the consumer's current reverse mortgage loan.
39. For example, NWEC disseminated solicitation letters to at least 5,000 consumers with existing reverse mortgage loans during the Relevant Period that stated, "THE TIME HAS COME TO UPDATE YOUR REVERSE

MORTGAGE” and later repeated that the consumer’s current loan was “due for an update.”

40. Some of NWEC’s letter templates used during the Relevant Period used language and formatting to make it appear that the letter came from a lender with an existing relationship with the consumer, or that it came from a lender other than NWEC.
41. For example, one letter template used during the Relevant Period was stamped “***IMPORTANT NOTICE***” and “DATED DOCUMENT OPEN IMMEDIATELY,” and warned, “[o]ur records indicate that you have not yet called to discuss your eligibility as a homeowner aged 62 or older for your property at [the consumer’s specific address]” and later described the reverse mortgage loan offered by NWEC as a “Federally Insured Program that allows senior homeowners to immediately increase their monthly cash flow TAX FREE.”
42. Another letter template used during the Relevant Period was purportedly from the “ADMINISTRATIVE OFFICE” and contained sections titled “NOTICE” and “STATUS.” It informed the consumer that her “waiting period expired” and that she had “not accessed [her] equity reserves.” The letter then listed the “equity reserves” seemingly available to the borrower.
43. Some of NWEC’s other letter templates used during the Relevant Period

used language and formatting similar to the occupancy certificate HECM borrowers received from their current lenders to verify that they continued to occupy their home as their principal residence. Under the U.S. Department of Housing and Urban Development (HUD)'s regulations, HECM borrowers were required to complete this occupancy certificate annually.

44. For example, one letter used during the Relevant Period was purportedly from the consumer's "Assigned Officer" within an "INFORMATION VERIFICATION DEPARTMENT" and was titled "REQUEST FOR VERIFICATION OF OCCUPANCY" and stamped "VERIFY." It stated that company "need[ed] to verify that you occupy this property as your Primary Residence" and that there are "current benefits you can take advantage of as long as you still occupy the property. Call us right away . . . so we can verify."
45. NWEC also misrepresented to consumers in many of its widely distributed letters during the Relevant Period that NWEC offered a product that would allow a consumer to make changes to her current reverse mortgage, rather than taking out a new mortgage credit product.
46. For example, one letter sent to 30,000 consumers with existing reverse mortgage loans during the Relevant Period claimed to have "exciting news regarding your reverse mortgage," announcing that the consumer could

“TAKE FULL ADVANTAGE OF YOUR REVERSE MORTGAGE” and “be eligible for more cash,” without having to pay any origination charges.

47. Another letter template distributed to 30,000 consumers during the Relevant Period told consumers with existing reverse mortgage loans that they may be “eligible to receive additional money by accessing more of the equity in your home.”
48. The letter represented that this additional money would “come from the change in value and principal limit and would not change any of the rules or fundamentals of your existing reverse mortgage.”
49. NWEC also sent solicitations that claimed that the borrower “may be eligible for more cash!” without disclosing the existence of additional closing costs or other potential changes in circumstances that would impact cost or eligibility.
50. In reality, NWEC was offering an entirely new loan, not a modification or “update” of the borrower’s existing reverse mortgage loan from the borrower’s current lender. The new loan NWEC offered would require a new credit check, appraisal, title search, initial mortgage insurance premium (MIP), and other costs associated with the loan.
51. The amount of the required up front MIP can be substantial. HECM borrowers are required to pay an initial MIP in order to refinance an existing

HECM of 2 percent of the maximum claim amount (*i.e.*, the difference between the maximum claim amount for the new HECM loan and the maximum claim amount for the existing HECM being refinanced).

52. If origination and closing costs are not paid up front, they reduce the cash payout to the borrower, and, if financed into the loan, would be compounding.
53. NWEC’s letters also were often sent to consumers who had taken out their existing reverse mortgage loans with different lenders, or were offering a non-FHA insured jumbo reverse mortgage loan, which did not carry the same protections as the consumer’s existing loan.
54. Interest rate, costs, principal balance, and equity are among the material, fundamental terms of any mortgage.
55. Contrary to NWEC’s express claim, the “rules or fundamentals of [the consumer’s] existing reverse mortgage” could not remain the same if the consumer had to take out a new loan.
56. Together, these statements and other characteristics misrepresented that the solicitations were being sent by or on behalf of the borrower’s current lender or an entity related to the borrower’s current reverse mortgage loan.
57. Those representations were false because NWEC was not affiliated with most borrowers’ current lenders or any entity related to the borrower’s

existing reverse mortgage loan.

58. The type of product offered, whether the product is the same as the consumer's existing loan or the provider of the product is the provider of the consumer's existing loan, and the source of a commercial communication offering a product are all material to a consumer's decision to obtain the mortgage credit product.
59. The representations described in Paragraphs 36 to 57 were likely to affect consumers' conduct or decisions regarding obtaining a loan.

False or Misleading Representations About the Amount of Cash or Credit Available, Including the Likelihood of Obtaining a Particular Product or Term

60. In numerous instances during the Relevant Period, NWEC disseminated solicitation letters and flyers to consumers that misrepresented the amount of cash or credit the consumer would receive in connection with the reverse mortgage loan offered and her likelihood to obtain that product or term, as well as the consumer's ability or likelihood to obtain refinancing of her reverse mortgage loan.
61. In some of its letters disseminated during the Relevant Period, NWEC misrepresented the specific amount of the loan the borrower was able or likely to obtain.

62. Specifically, NWEC sent letters during the Relevant Period that offered multiple consumers the exact same “pre-approved” loan amount—\$20,752.43.
63. These letters, with identical offered loan amounts, were sent to borrowers of different ages with home values that varied.
64. The letters told consumers that they were “pre-approved” for the stated dollar amount and used phrases like, “We’ve done our homework. Your elevated status of Pre-Approved means you already have what it takes to qualify,” suggesting that the preapproved loan amount was based on some specific characteristics of the borrower or her home.
65. In reality, the stated pre-approved amounts were not tailored to the borrowers or their homes.
66. Other template letters used during the Relevant Period misrepresented that a reverse mortgage loan refinance was “due” for the borrower-recipient and that a loan for a specific amount would be approved.
67. For example, one letter sent to 5,000 borrowers during the Relevant Period stated that “THE TIME HAS COME TO UPDATE YOUR REVERSE MORTGAGE” and “you have been due for an update for [a number of months over 18].”

68. The letter also included a pie chart indicating that specific amounts were available for distribution to the consumer should she refinance her loan.
69. Another letter sent 30,000 times during the Relevant Period claimed the borrower was “PRE-APPROVED” for a reverse mortgage refinance and was “eligible to receive additional money” which would “come from the change in value and principal limit and would not change any of the rules or fundamentals of your existing Reverse Mortgage.”
70. Similarly, another letter distributed to 15,000 consumers during the Relevant Period listed an “Estimated Available Amount” to the borrower and assured the borrower that “We’ve done our homework.”
71. In fact, NWEC did not possess the information necessary to make representations that borrowers were “pre-approved” or eligible for specific terms of credit, and thus misrepresented that it could arrange or offer a reverse mortgage loan with the specific credit terms referenced.
72. Numerous NWEC mortgage advertisements used during the Relevant Period also made a misleading comparison between a consumer’s current reverse mortgage loan and a hypothetical new reverse mortgage loan that would be available to the consumer.
73. Specifically, these advertisements misrepresented that taking out a second reverse mortgage would result in substantial savings to the consumer.

74. For example, one letter sent to over 16,000 consumers during the Relevant Period promised that borrowers would achieve an “IMMENSE SAVING” by taking out a new reverse mortgage loan with the company due to HUD changes to MIP requirements, and that if the borrower elected to place the reverse mortgage proceeds in a line of credit, the amount “will continuously grow and earn interest—every single month!”
75. The letters also stated that according to “research” and a “recent review” performed on the borrower’s account, the borrower could “greatly reduce [her] monthly expenses” and “save[] money and equity each month.”
76. In fact, the closing costs on a new loan were likely to be significant and could well outweigh the extra cash available through the refinanced loan.
77. Further, the new loan terms NWEC would offer a consumer would not necessarily be better than the terms of the consumer’s current reverse mortgage loan.
78. While HUD decreased the required annual MIP from 1.25% to 0.5% in 2017, the required up-front MIP simultaneously *increased* to 2% of the amount borrowed (rather than a percentage of a lump sum payout). The up-front MIP was required to be paid to take out a HECM, even if the borrower had an existing reverse mortgage loan. A loan under the revised terms would

not necessarily have the same or better terms than a borrower's existing loan.

79. In addition to the up-front and annual premiums required to be paid for all HECMs, each reverse mortgage lender sets its own interest rates, margins, and closing costs.
80. These new closing costs can be expensive. If they are not paid up front, they reduce the cash payout to the borrower, and if financed into the loan, would be compounding over the life of the loan, increasing the overall cost to the borrower.
81. The amount of cash or credit available and the consumer's ability or likelihood to obtain a specific product or term, including as to refinancing, are material to a consumer's decision to obtain the mortgage credit product.
82. The representations described in Paragraphs 60 to 75 were also likely to affect consumers' conduct or decisions regarding obtaining a loan because the amount available or the likelihood that a consumer could obtain a specific loan amount or term could significantly affect whether the consumer finds it to be in her best interest to obtain the loan.

VIOLATIONS OF THE MAP RULE (REGULATION N)

Misrepresentations about Fees, Costs, or Payments, 12 C.F.R. §§ 1014.3(c) and (k)

83. Under 12 C.F.R. §§ 1014.3(c) and (k), respectively, 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 that “no fees are charged,” and about the existence, number, amount, or timing of any minimum or required payments, including but not limited to misrepresentations about any payments or misrepresenting that no payments are required in a reverse mortgage credit product. Misrepresentations specifically prohibited by the MAP Rule are presumed to be material. *See* 76 Fed. Reg. 43826, 43833 & n. 130.
84. The MAP Rule prohibits misrepresentations “in any commercial communication,” which includes statements “designed to effect a sale or create interest in purchasing good or services,” in any medium. 12 C.F.R. § 1014.2. Accordingly, the MAP Rule’s prohibitions are not limited to advertisements sent directly to consumers.

85. Advertisements that contain omissions or literally true claims can nonetheless violate the MAP Rule. *See* 76 Fed. Reg. 43826, 43836 & n. 167 (Jul. 22, 2011).
86. NWEC violated §§ 1014.3(c) and (k) because, as described in Paragraphs 24 to 28, NWEC distributed numerous mortgage advertisements during the Relevant Period that contained misrepresentations that taxes would not be assessed, and relatedly, that borrowers did not have to make additional payments after they took out a reverse mortgage loan.
87. In fact, borrowers are still responsible for paying taxes and insurance associated with their homes.

**Misrepresentations about Taxes and Insurance,
12 C.F.R. § 1014.3(e)**

88. Under 12 C.F.R. § 1014.3(e), 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 “whether separate payment of taxes or insurance is required” and “the extent to which payment for taxes or insurance is included in the loan payments, loan amount, or total amount due from the consumer.” Under 12 C.F.R. § 1014.3(e), such a misrepresentation is specifically prohibited and is therefore material.

89. NWEC violated § 1014.3(e) because, as described in Paragraphs 24 to 28, numerous NWEC mortgage advertisements misrepresented the borrower's responsibility for paying taxes and insurance.

Misrepresentations about the Potential for Default and Right to Reside in the Dwelling, 12 C.F.R. §§ 1014.3(l) and (p)

90. Under 12 C.F.R. §§ 1014.3(l) and (p), respectively, 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 circumstances under which the consumer could default for nonpayment of taxes, insurance, or maintenance, or for failure to meet other obligations," and "[t]he right of the consumer to reside in the dwelling that is the subject of the mortgage credit product, or the duration of such right, including . . . how long or under what conditions a consumer with a reverse mortgage can stay in the dwelling." Under 12 C.F.R. §§ 1014.3(l) and (p), such misrepresentations are specifically prohibited and are therefore material.
91. NWEC violated §§ 1014.3(l) and (p) because, as described in Paragraphs 24 to 28, numerous NWEC mortgage advertisements contained misrepresentations about the circumstances under which the consumer could default and the right or duration of the right to reside in the dwelling,

including that the borrower could not be forced out of her home and that the loan would allow the borrower to stay in her home and maintain ownership.

**Misrepresentations about the Association of the Product
or Provider, or Source of the Communications
12 C.F.R. §§ 1014.3(n) and (o)**

92. Under 12 C.F.R. §§ 1014.3(n) and (o), respectively, 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 the provider of such product with any other person or program, or about the source of any commercial communication, including misrepresentations that a commercial communication is made by or on behalf of the consumer’s current mortgage lender or servicer. Under 12 C.F.R. §§ 1014.3(n) and (o), such misrepresentations are specifically prohibited and are therefore material.
93. By using language and formatting similar to that used by the consumer’s current lender, such a solicitation may suggest to a borrower that she would be continuing her relationship with a lender that she had worked with previously and trusted, that the offer was generated based on superior knowledge of the borrower’s eligibility, that such an “update” might involve less paperwork, and the possibility that the lender might waive some closing costs, such as an application fee, for a current customer.

94. NWEC violated §§ 1014.3(n) and (o) because, as described in Paragraphs 36 to 57, NWEC sent numerous mortgage advertisements misrepresenting that NWEC was or was affiliated with the consumer’s current lender, or that the product was affiliated with the consumer’s current servicer, and relatedly that its advertisements came from or on behalf of the consumer’s current lender or servicer, through the use of formats, symbols, logos, and language that mimicked communications consumers were receiving or had received from their lender or servicer.

**Misrepresentations about Available
Cash or Credit, 12 C.F.R. § 1014.3(j)**

95. 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 the amount of the obligation, the existence, nature, or amount of cash or credit available to the consumer in connection with the mortgage credit product, including 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(j), such a misrepresentation is specifically prohibited and is therefore material.
96. NWEC violated § 1014.3(j) because, as described in Paragraphs 60 to 75, NWEC distributed numerous mortgage advertisements during the Relevant

Period that contained misrepresentations that the consumer would receive a certain, specific amount of cash or credit as part of a mortgage credit transaction, and that by taking out a second reverse mortgage, the borrower would be able to receive a significant amount of cash or credit as part of the reverse mortgage loan transaction when NWEC lacked information necessary to make those assertions.

Misrepresentations about the Likelihood to Obtain a Particular Term or Refinancing, 12 C.F.R. §§ 1014.3(q) and (r)

97. Under 12 C.F.R. §§ 1014.3(q) and (r), it is a violation for any person subject to the MAP Rule to make any misrepresentation, directly or indirectly, expressly or by implication, about the consumer's ability or likelihood to obtain any mortgage credit product or term, and a refinancing or modification of any mortgage credit product or term, including but not limited to misrepresentations concerning whether the consumer has been pre approved or guaranteed for any such product or term and refinancing or modification. Under 12 C.F.R. §§ 1014.3(q) and (r), such misrepresentations are specifically prohibited and are therefore material.
98. NWEC violated §§ 1014.3(q) and (r) because, as described in Paragraphs 60 to 75, numerous NWEC mortgage advertisements contained misrepresentations that the consumer could obtain or had a high likelihood of obtaining a mortgage with specific terms, including that consumers were

preapproved for specific dollar amounts of cash listed in the advertisements, and that consumers were able or likely to obtain refinancing of their existing reverse mortgage loans and able to receive specific amounts of cash based on their individualized circumstances when NWEC lacked information necessary to make those determinations.

VIOLATIONS OF REGULATION Z

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

99. Under 12 C.F.R. § 1026.24(f)(3)(i), a direct-mail mortgage advertisement for credit secured by a first lien on a dwelling that “states the amount of any payment” must disclose, in a clear and conspicuous manner, “the fact that the payments do not include amounts for taxes and insurance premiums . . . and that the actual payment obligation will be greater.”
100. NWEC violated § 1026.24(f)(3)(i) because, as described in Paragraphs 2 and 24 to 28, numerous NWEC direct-mail mortgage advertisements represented that no payment was required but did not state that this did not include amounts for taxes and insurance premiums and that the actual payment obligations would be greater, or did not disclose that fact clearly and conspicuously, as defined in § 1026.24(f)(3)(ii).

VIOLATIONS OF THE CFPA

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

101. 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).
102. The MAP Rule and Regulation Z are Federal consumer financial laws.
103. NWEC's violations of the MAP Rule and Regulation Z, described in Paragraphs 83 to 100, 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:

104. 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 misrepresenting, or Assisting Others in misrepresenting, expressly or by implication, any fact

material to consumers regarding a mortgage credit product, including but not limited to the following:

- a. fees, costs, and required payments; taxes and insurance, including that a consumer will have “no payments” or “no monthly payments” if she takes out a reverse mortgage; that the homeowner has no ongoing financial obligations after obtaining a reverse mortgage; and that property taxes or insurance payments are not required with a reverse mortgage;
- b. the potential for default and right to reside in the dwelling, including that a consumer with a reverse mortgage cannot lose her home; and that a consumer with a reverse mortgage has the right to stay in the home for the remainder of her life;
- c. the availability of cash or credit, including the likelihood of obtaining a particular term or refinancing; including that the consumer has been “pre-approved” for the loan or pre-approved for a specific term; and
- d. the source of any communications, or the identity or association of the product, program, or provider with any other person or program, including the lender or servicer for the consumer’s current reverse mortgage loan; and that the advertisement is for anything other than an advertisement for a mortgage.

105. 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. If a mortgage advertisement includes the amount of any payment, the advertisement must also disclose, at a minimum, 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.
- c. Any disclosure in a direct-mail mortgage advertisement that must be made with "equal prominence and in close proximity" under Regulation Z, 12 C.F.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:

106. 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 the MAP Rule, Regulation Z, TILA, the CFPA, and this Consent Order. This review must encompass any envelope or mailer and all enclosures. This review must include reviewing all claims made in the advertisement, expressly or by implication, to ensure that they are accurate and substantiated.
 - b. 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 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.

- c. 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 the MAP Rule, Regulation Z, TILA, and the CFPA, as those laws apply to mortgage advertising.

VIII.

Compliance Plan

IT IS FURTHER ORDERED that:

107. Within 60 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;
- b. A comprehensive advertising compliance policy. The policy must at minimum include:

1. A process for reviewing each advertisement for compliance with the MAP Rule, Regulation Z, TILA, and the CFPA before publication; and
 2. A requirement that each review is documented, including when the review occurred and who conducted the review.
- c. An explanation of Respondent's consumer compliance organizational and reporting structure;
 - d. Written descriptions of the job duties of all employees with duties under the advertising compliance policy. The written description shall include persons over whom each employee has authority and to whom each employee reports;
 - e. A requirement that the Respondent provide mandatory ongoing education and training in Federal consumer financial laws related to mortgage advertising (the MAP Rule, Regulation Z, TILA, and the CFPA) and the prohibitions and requirements of this Consent Order for all affected officers, agents, servants, employees, and attorneys; the training must be appropriate for each individual's responsibilities and duties; training activities must be documented and the training programs reviewed and updated at least annually to ensure that appropriate personnel are provided with the most relevant and

pertinent information; and all new employees of the Respondent or the Respondent's agent must complete this training before communicating with the consumer about a reverse mortgage credit product; and

- f. Specific timeframes and deadlines for implementation of the steps described above.

108. 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 30 days.

109. 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:

110. 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 \$140,000 to the Bureau.
111. 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.
112. 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).
113. 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.
114. 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:

115. 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.
116. 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.
117. 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.
118. 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:

119. 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.
120. 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.
121. Respondent must report any change in the information required to be submitted under Paragraph 120 at least 30 days before the change or as soon as practicable after the learning about the change, whichever is sooner.
122. 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:

123. 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.
124. 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.
125. 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.

126. 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.
127. 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 124 to 125 and a copy of all signed and dated statements acknowledging receipt of this Consent Order under Paragraph 126.

XIII.

Recordkeeping

IT IS FURTHER ORDERED that:

128. 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.

129. 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.
130. Respondent must retain the documentation required by Paragraphs 106(b) and 128 for at least 5 years after dissemination of the advertisement.
131. 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.
132. Respondent must retain the documents identified in Paragraph 131 for at least 5 years after creation of the record.
133. Respondent must make the documents identified in Paragraphs 128 to 132 available to the Bureau upon the Bureau's request.

XIV.

Notices

IT IS FURTHER ORDERED that:

134. 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 Nationwide Equities Corporation*, File No. 2021-CFPB-0002,” 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
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1700 G Street, N.W.
Washington D.C. 20552

XV.

Compliance Monitoring

IT IS FURTHER ORDERED that:

135. Within 28 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.

136. For purposes of this Section, the Bureau may communicate directly with Respondent, unless Respondent retains counsel related to these communications.
137. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview regarding: (1) this matter; (b) anything related to or associated with the conduct described in Section V; or (c) compliance with the Consent Order. The person interviewed may have counsel present.
138. 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:

139. 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.
140. 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:

141. 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 142. 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.
142. 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.

143. 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.
144. The requirements under Paragraphs 129 to 130 and 132 to 133 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 or 5 years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent. If such action is dismissed or the relevant adjudicative body rules that Respondent did not violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as though the action had never been filed. 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.

145. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
146. 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.
147. 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 CFPA, 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.
148. 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.

149. 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 26th day of April, 2021.

David K. Uejio

David Uejio
Acting Director
Consumer Financial Protection Bureau