



High-Risk Compliance Comments V 1.1

We composed these high risk categories using the Consumer Financial Protection Bureau (CFPB) and the Federal Trade Commission (FTC) guidelines, as well as other federal and state authorities. One of the most important issues is the unfair, deceptive, or abusive acts or practices to consumers (called UDAAP). This means publishers misrepresenting themselves as lenders or brokers, or misrepresenting the lead distribution model as a service that assesses the best/right lender for that particular consumer are violating UDAAP. This can lead to hefty fines for publishers, lead aggregators and lenders and therefore, you are required to remove these terms from your advertisements or risk termination of your account.

HIGH RISK – MUST REMOVE IMMEDIATELY	
1. “Best/Lowest”	<p><u>Reason:</u></p> <ul style="list-style-type: none"> • “Best/lowest” language is not allowed because it implies that the borrower’s situation is assessed and used to match them with the right lender. The ping tree does not work that way. It is deceptive marketing if you use “best/lowest.” <p><u>Past Enforcement Action:</u></p> <ul style="list-style-type: none"> • T3Leads • Reference: http://files.consumerfinance.gov/f/201512_cfpb_complaint-v-d-and-d-marketing-inc-et-al.pdf <p><u>Summary:</u></p> <ul style="list-style-type: none"> • The CFPB sued T3Leads for falsely suggesting it “would help consumers find the best rates or lowest or that they would review consumers’ applications to match them with appropriate lenders.” As publishers, you do not find best rates for consumers. <p><u>Suggestions:</u></p> <ul style="list-style-type: none"> • “We partner with 100+ authorized lenders” • “We help you connect with a lender” • “We can connect you with one of several lenders in our network”
2. “100% Secure”	<p><u>Reason:</u></p> <ul style="list-style-type: none"> • Don’t overpromise anything. Never promise 100%. If you do, you are liable. Even secure government networks have been hacked. The Federal Bureau of Investigation and cybersecurity experts agree that 100% data security is practically impossible, so it is imprudent to raise the bar beyond what you can actually offer. <p><u>Past Enforcement Action:</u></p> <ul style="list-style-type: none"> • Dwolla, Inc • Reference: http://files.consumerfinance.gov/f/201603_cfpb_consent-order-dwolla-inc.pdf <p><u>Summary:</u></p> <ul style="list-style-type: none"> • The CFPB fined Dwolla for deceiving consumers about its data security practices. Dwolla stated on its site that “100% of your info is encrypted and stored securely,” which the CFPB found to be a false representation of Dwolla’s actual practices. <p><u>Suggestion:</u></p> <ul style="list-style-type: none"> • “Your information is safe and secure” • “We use industry leading security to protect your information”
3. “No Credit Check”	<p><u>Reason:</u></p> <ul style="list-style-type: none"> • Most lenders will pull some sort of credit. Even if it’s not the “big three” credit bureaus, it’s still a CREDIT CHECK. Therefore, saying “No Credit Check” is a UDAAP violation as it is deceptive. <p><u>Past Enforcement Action:</u></p> <ul style="list-style-type: none"> • Paymap, Inc. • Reference: http://files.consumerfinance.gov/f/201507_cfpb_consent-order_paymap.pdf <p><u>Summary:</u></p> <ul style="list-style-type: none"> • The CFPB fined Paymap for deceptive advertisements on its site stating, “The average customer will achieve over \$33,000 in interest savings,” which did not occur. The majority of customers did not receive savings at that amount, and therefore Paymap’s advertisements were deemed deceptive and illegal because its statements were not true. <p><u>Suggestion:</u></p> <ul style="list-style-type: none"> • [No alternatives]

<p>4. “Flexible Payment Options/Terms Fitting Your Situation”</p>
<p><u>Reason:</u></p> <ul style="list-style-type: none"> • Most lenders do not offer flexible payment options. Mentioning flexible payment terms is a UDAAP violation because most of our lenders may not provide “flexible payment options,” and therefore using this phrase would be a misrepresentation. <p><u>Past Enforcement Action:</u></p> <ul style="list-style-type: none"> • M&T Bank, Inc. • Reference: http://files.consumerfinance.gov/f/201410_cfpb_consent-order_m-t.pdf <p><u>Summary:</u></p> <ul style="list-style-type: none"> • It is a UDAAP violation to advertise flexible payment terms but not deliver flexible terms to the customer. The CFPB fined M&T Bank for promising customers “free checking” but it still charged customers for opening a checking account. M&T’s advertisement specifically stated, “Get a free checking account at M&T. No strings attached.” However, M&T failed to disclose that a minimum deposit and withdrawal was required, thus this was considered a UDAAP violation. <p><u>Suggestion:</u></p> <ul style="list-style-type: none"> • <u>[No alternatives]</u>
<p>5. “Prescreened/Preapproved”</p>
<p><u>Reason:</u></p> <ul style="list-style-type: none"> • Unless you already obtained consent from the consumer and pulled credit, you are not allowed to use “PRESCREENED”, “PREQUALIFIED” or “PREAPPROVED.” You are not the lender. <p><u>Past Enforcement Action:</u></p> <ul style="list-style-type: none"> • T3Leads • Reference: http://files.consumerfinance.gov/f/201512_cfpb_complaint-v-d-and-d-marketing-inc-et-al.pdf <p><u>Summary:</u></p> <ul style="list-style-type: none"> • The CFPB sued T3Leads for misrepresenting themselves as lenders. The complaint states, “T3’s lead generators typically do not provide loans directly to consumers, do not select the lenders that will see a consumer’s application, and have no involvement in or knowledge of the terms of the loan a consumer receives after T3 sells the lead.” <p><u>Suggestion:</u></p> <ul style="list-style-type: none"> • <u>[No alternatives]</u>
<p>6. Need a Privacy Policy, Terms of Use , Disclaimer</p>
<p><u>Reason:</u></p> <ul style="list-style-type: none"> • Privacy Policy - Under state and federal law, every website must have a privacy policy on the home page. The privacy policy must explain what information is collected, how it is used. Consult legal counsel if you do not have a privacy policy or you think yours might be inadequate. <p><u>Reason:</u></p> <ul style="list-style-type: none"> • Terms of Use (TOU) - TOU is not “required”, but it’s highly recommended. This is your “contract” between you and the consumer. It should explain what happens when they submit info through your website. <p><u>Reason:</u></p> <ul style="list-style-type: none"> • Disclaimer - Unless you’re a direct lender, you MUST make it clear that you are NOT a lender.

For more information or questions on why we are requiring these compliance updates, please contact your account manager or email us at compliance@leadsmarket.com.