

FTC Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Division of Consumer & Business Education

Shopping For a Mortgage?

Your Application May Trigger Competing Offers

If you apply for a mortgage, your inbox, answering machine, and mailbox may fill up quickly with competing offers from other mortgage companies. It's not that the company you applied to is selling or sharing your information. Rather, it's that creditors – including mortgage companies – are taking advantage of a federal law that allows them to identify potential customers for the products they offer, and then market to them. The Federal Trade Commission, the nation's consumer protection agency, wants you to know why your application for a mortgage may trigger competing offers, how you can use them to your benefit, and how to stop getting them if that's your choice.

The unsolicited calls, emails, and letters about competing offers often are called “prescreened” or “pre-approved” offers of credit. They are based on information in your credit report that suggests you meet criteria set by the creditor making the offer – for example, you live in a certain zip code, you have a certain number of credit cards, or you have a certain credit score. Credit bureaus and other consumer reporting companies sell lists of consumers who meet the criteria to insurance companies, lenders, and other creditors.

When you apply for a mortgage, the lender usually gets a copy of your credit report. At that point, an “inquiry” appears on your report showing that the lender has looked at it. The inquiry indicates you're in the market for a loan. That's why mortgage companies buy lists of consumers who have a recent inquiry from a mortgage company on their credit report. Federal law allows this practice if the offer of credit meets certain legal requirements.

Clearly, some mortgage companies benefit from the practice. But the FTC says consumers can benefit, too: prescreened offers can highlight other available products and make it easier to compare costs while you carefully check out the terms and conditions of any offers you might consider.

Still, some people may prefer not to receive prescreened offers of credit and insurance at all. Here's how to stop them:

1. Call 1-888-5-OPTOUT (1-888-567-8688) or visit www.optoutprescreen.com. When you call this toll-free number or visit the website, you will be asked to provide certain personal information, including your home telephone number, name, Social Security number, and date of birth. The information you provide is confidential, and will be used only to process your request to opt out. Don't enter any personal information until you have checked for indicators that the site is secure – a lock icon on your browser or a web address that begins *https*.

Opting out of prescreened offers does not affect your ability to apply for credit or to get it. Your opt out request will be processed within five days, but it may take up to 60 days before the prescreened offers stop coming. If you have a joint mortgage, both parties need to opt out

to stop the prescreened offers. If or when you want to opt back in, use the same telephone number or website.

2. Put your phone number on the federal government’s National Do Not Call Registry to reduce the telemarketing calls you get at home. To register your phone number or to get information about the registry, visit www.donotcall.gov, or call **1-888-382-1222** from the phone number you want to register. You will get fewer telemarketing calls within 31 days of registering your number. Your number stays on the registry for five years, until it is disconnected, or until you take it off the registry.

That said, the FTC wants you to know that many companies use other tools to identify marketing prospects, and that the Do Not Call Registry won’t shield you from all telemarketers – for example, those with which you have a business relationship. Even if you opt out of prescreened offers and put your number on the National Do Not Call Registry, you can expect some unsolicited offers.

For more information about the Fair Credit Reporting Act, the law that spells out the terms under which companies can check credit reports, visit www.ftc.gov/credit.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

