IMPROVING CONSUMER MORTGAGE DISCLOSURES
An Empirical Assessment of Current and Prototype Disclosure Forms

Bureau of Economics Staff Report[1]
Federal Trade Commission

EXECUTIVE SUMMARY

Despite a long history of mortgage cost disclosure requirements and many legislative and regulatory proposals, little empirical evidence exists to document the effect of the current disclosures on consumer understanding of mortgage costs, consumer mortgage shopping, or consumer mortgage choice. In this study, we conducted 36 in-depth interviews with recent mortgage customers, and quantitative consumer testing with over 800 mortgage customers, to examine how consumers search for mortgages, how well consumers understand current mortgage cost disclosures and the terms of their own recently obtained loans, and whether better disclosures could improve consumer understanding of mortgage costs, consumer shopping for mortgage loans, and consumers' ability to avoid deceptive lending practices. The potential for improving consumer understanding of mortgage costs through better disclosures was tested using prototype disclosures developed for the study. The prototype disclosures were developed for fixed-rate loans, including those with interest-only and balloon payments, but could be extended to incorporate the key features of adjustable-rate, hybrid, and payment option loans.

The key findings of the study are:

- Current mortgage cost disclosures failed to convey key mortgage costs to many consumers.

- Prototype disclosures developed for the study significantly improved consumer recognition of mortgage costs, demonstrating that better disclosures are feasible.

- Both prime and subprime borrowers failed to understand key loan terms when viewing the current disclosures, and both benefitted from improved disclosures.

- Improved disclosures provided the greatest benefit for more complex loans, where both prime and subprime borrowers had the most difficulty understanding loan terms.

The study also demonstrates the importance of consumer testing in the development and evaluation of consumer disclosures.

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Study Method

We used two methods to examine consumer understanding of mortgage disclosures—in-depth consumer interviews and quantitative consumer testing.

In-Depth Consumer Interviews

Thirty-six in-depth interviews were conducted with consumers who had obtained a mortgage within the previous four months. The interviews, conducted in several waves between September 2004 and February 2005, examined how consumers shopped for their mortgages, how well they understood the terms of the loans they had recently obtained, how well they understood various loan terms and the currently required mortgage cost disclosures, and how they reacted to the initial version of the prototype cost disclosures developed for the quantitative testing phase of the study.

A wide variety of loan types had been obtained by interviewed consumers, including fixed-rate, adjustable-rate, interest-only, balloon, bi-weekly payment, payment option, and combination (piggy-back) loans. Approximately half of the consumers obtained their loans from a prime lender and the other half from a subprime lender. All lived in Montgomery County, Maryland, a suburb of Washington, D.C., but their demographic characteristics and experience with mortgage transactions varied widely.

During the telephone calls in which we recruited recent mortgage customers for the interviews, borrowers who agreed to participate in the study were asked a series of questions about the terms of their recently obtained mortgage. Participants were then asked to bring the loan documents they had received for this mortgage to the interview. The cost disclosures in these documents were then used to assess the accuracy of the borrowers' perceptions of their loan costs.

Quantitative Consumer Testing

Quantitative consumer testing within a controlled experiment was conducted with 819 recent mortgage customers in 12 locations across the country. The testing, conducted in October through December 2005, examined the extent to which consumers could understand and use current mortgage cost disclosures and prototype disclosures developed for the study. About half of the participants had obtained their loan from a subprime lender and the other half from a prime lender.

Respondents were given cost disclosure forms for two hypothetical mortgage loans and asked a series of questions about various costs and terms of the loans, including the loan amount, settlement costs, charges for optional products and services, total up-front costs, interest rate, APR, cash due at closing, monthly payment, payments for property taxes and homeowner's insurance, balloon payment, and prepayment penalties. The questions asked consumers to compare the two loans and identify which was higher or lower on particular loan costs, to examine one loan and identify the amount of various costs, and to identify whether particular costs or terms were present in a loan.

The tests were conducted with two different loan-cost scenarios, one with relatively simple loans and the other with more complex loans that included features such as optional credit insurance, interest-only monthly payments that did not include escrow for taxes and insurance, a large balloon payment, and prepayment penalties. The results of 25 questions (or combinations of questions) were analyzed to assess the ability of respondents to understand and use the disclosure forms. Twenty-one questions were used in the simple-loan scenario because some of the loan terms were not present in these loans.

Half of the respondents used the current mortgage cost disclosure forms during the tests and half used the prototype form developed for the study. The current disclosure forms consisted of the Truth-in-Lending Act ("TILA") statement that is required for closed-end, fixed-rate residential mortgages under the Truth in Lending Act, and the Good Faith Estimate of Settlement Costs ("GFE") required under the Real Estate Settlement Procedures Act ("RESPA"). The GFE used in the tests was an enhanced version that included information not required by the current regulations, including the amount of money borrowed, the interest rate, the total monthly payment amount, an itemization of the monthly payment, the cash due at closing, and the total settlement charges. Many lenders use some variation of an enhanced GFE that goes beyond the regulatory requirements. The form used in the tests followed this practice so that it would more closely reflect the information that many consumers actually receive. The use of an enhanced GFE implies, however, that the test results will understate any problems that consumers may have with a GFE that merely complies with the regulations.

Prototype Mortgage Cost Disclosures

A prototype mortgage cost disclosure form was developed to test whether better disclosures would enable consumers to more easily recognize loan costs, more easily comparison shop for the best deal, and more readily recognize and avoid deceptive lending practices.

The prototype disclosures were developed for fixed-rate loans, including those with interest-only and balloon payments. Adjustable-rate, hybrid, and payment option loans would require additional disclosures that described how the interest rate, monthly payment, or both, may change over the course of the loan. The study focused on fixed-rate loans in order to first test whether better disclosures could be designed for these relatively simpler loan products.

If the prototype disclosures are shown to be more effective than current disclosures for fixed-rate loans, additional disclosures for adjustable-rate, hybrid, and payment option products could be added. An additional page that described the adjustable-rate and option features, and their potential impact on the interest rate and payments of the loan, could be added, and a prominent disclosure could be added to the first page to direct consumers to the additional disclosures and perhaps provide the maximum monthly payment possible in the loan.

The principles followed in designing the prototype form were simple and straightforward. The key mortgage costs that consumers need to understand when obtaining a loan were included in the form. Information that is less important or confusing was excluded. Costs were conveyed in simple, easily-to-understand language. The form was organized and formatted so that the various costs could be easily recognized and identified.

The design of the prototype was not restricted to include all of the disclosures currently required in the TILA statement and GFE form. We attempted to start anew, as if the current disclosures did not exist, and ask what mortgage cost information was most important for consumers. We were guided by a general financial analysis of the key costs of a mortgage, the types of consumer problems encountered in the deceptive lending cases investigated by the FTC, our experience in designing and evaluating consumer disclosures, and the insights gained from the in-depth consumer interviews conducted in the first part of the study.

The content and format considerations resulted in a three-page disclosure form. The first page provides a summary of all key loan costs; the second and third pages provide additional detail. This allows consumers to easily review the overall cost of the loan and compare it to other loan offers, as well as fully understand the details and source of the costs. An example of the prototype form appears at the end of this Executive Summary. Additional examples for loans with other terms appear in Appendix H of the report.

The prototype form provides a number of cost disclosures not required in the current TILA and GFE forms, including:

- Disclosure of the total loan amount, rather than the "amount financed," and an itemization that divides the total into the categories of money borrowed to purchase or refinance a home, cash for debt consolidation or a home equity loan, financed settlement charges, and financed charges for optional products or services.

- Disclosure of the total charges for settlement services.

- Stronger disclosure of charges for optional credit insurance, and expansion of the disclosure to include all types of optional products and services, with clearer notice that the optional items are not required for the loan, and that charges should not be included if the consumer does not want to purchase the items.

- Disclosure of total up-front charges, and an itemization that divides the total into two categories: settlement and optional charges.

- Disclosure of the amount of cash due at closing, and an itemization that divides the total into the categories of down payment, payments for settlement services, and payments for optional products or services.

- Disclosure of the interest rate.

- Highlighted disclosure of any balloon payment.

- Enhanced prepayment penalty disclosures, including a specific statement of whether a prepayment penalty is included in the loan (as opposed to the current statement that the borrower "may" be charged a penalty), and if so, the size of the penalty and the conditions under which it will apply.

- Disclosure, in purchase loans, of the house price, down payment, and amount of price financed.

- Disclosure of the total monthly payment, rather than only the principal and interest portion, and an itemization that divides the total into the categories of principal and interest, property taxes, homeowner's insurance, mortgage insurance, and any monthly billed, optional products or services.

- Disclosure of whether the monthly payment includes property taxes and homeowner's insurance, and if not, the additional monthly amounts that must be paid by the borrower.

- Consumer tips and warnings on the benefits of comparison shopping, not relying on oral promises, and verifying costs at closing.

Results

The study produced four major findings: (1) current mortgage cost disclosures failed to convey key mortgage costs to many consumers; (2) prototype disclosures developed for the study significantly improved consumer recognition of mortgage costs, demonstrating that better disclosures are feasible; (3) both prime and subprime borrowers failed to understand key loan terms, and both benefitted from the improved disclosures; and (4) improved disclosures provided the greatest benefit for more complex loans, where both prime and subprime borrowers had the most difficulty understanding loan terms. These findings were obtained from both the in-depth consumer interviews and the quantitative consumer testing, with the exception that the consumer interviews did not examine the impact of the improved disclosures on particular types of borrowers or for particular types of loans.

In-depth Consumer Interviews

The in-depth consumer interviews found that many borrowers were confused by the current mortgage cost disclosures and did not understand key terms in the disclosure forms, such as the APR, amount financed, and discount fees. Many borrowers also did not understand important costs and terms of their own recently obtained mortgages. Many had loans that were significantly more costly than they believed, or contained significant restrictions, such as prepayment penalties, of which they were unaware. Many of these borrowers did not learn of these costs and terms until at or after the loan settlement, and some appeared to learn for the first time during the interview. Some of these borrowers reported that they had spent considerable time shopping and comparing loan offers, but still experienced problems or misunderstandings. Others relied primarily on their loan officer or mortgage broker to explain the loan terms, or on the reputation of the lender or the recommendation of a friend or relative, rather than examining and verifying the loan terms themselves. Both prime and subprime borrowers were confused by the current mortgage disclosures, and both experienced significant misunderstandings about the terms of their recently obtained loans. Borrowers were nearly unanimous in their strong positive reaction to the initial version of the prototype disclosure form developed for the study; most characterized it as a substantial improvement over the current forms in organization and readability.

Quantitative Consumer Testing

The quantitative consumer testing, conducted with 819 recent mortgage customers, confirmed and quantified the shortcomings of the current mortgage cost disclosures and the improvements provided by the prototype disclosure form. The testing also provided much greater detail on consumer understanding of various individual loan costs in the current and prototype forms. The following summarizes many of the detailed results that support the four major findings of the study.

(1) Current mortgage cost disclosures failed to convey key mortgage costs to many consumers

- The failure to convey key mortgage costs was evident across a wide range of loan terms and among substantial proportions of study participants.
  - About a fifth of the respondents viewing the current disclosure

forms could not correctly identify the APR of the loan, the amount of cash due at closing, or the monthly payment (including whether it included escrow for taxes and insurance).

  - Nearly a quarter could not identify the amount of settlement charges.

  - About a third could not identify the interest rate or which of two loans was less expensive, and a third did not recognize that the loan included a large balloon payment or that the loan amount included money borrowed to pay for settlement charges.

  - Half could not correctly identify the loan amount.

  - Two-thirds did not recognize that they would be charged a prepayment penalty if in two years they refinanced with another lender (and a third did not even recognize that they "may" be charged such a penalty).

  - Three-quarters did not recognize that substantial charges for optional credit insurance were included in the loan.

  - Almost four-fifths did not know why the interest rate and APR of a loan sometimes differ.

  - Nearly nine-tenths could not identify the total amount of up-front charges in the loan.

- Because the GFE used in the tests was an enhanced version that included information not required by the current regulations, the results understate the problems faced by consumers who receive a GFE that merely complies with the law. Many of the key costs examined in the tests would not be disclosed in a form that merely met the regulatory requirements.

(2) Prototype disclosures developed for the study significantly improved consumer recognition of mortgage costs, demonstrating that better disclosures are feasible

- Respondents viewing the current disclosure forms answered an average of 61 percent of the test questions correctly. Respondents viewing the prototype form answered 80 percent of the questions correctly, a 19 percentage point improvement.

- 80 percent of the respondents viewing the prototype form were able to answer 70 percent or more of the questions correctly, compared to only 29 percent of the respondents viewing the current forms, an improvement of 51 percentage points.

- The prototype form performed better than the current forms in 17 of the 21 questions in the simple-loan scenario and 23 of the 25 questions in the complex-loan scenario. (Thirteen and 16 of the differences in the two scenarios, respectively, were statistically significant.)

- Many of the improvements provided by the prototype form were quite large. In the complex-loan scenario, for example, the prototype outperformed the current forms by more than 10 percentage points in 15 questions, more than 30 percentage points in eight questions and more than 50 percentage points in four questions.

- The prototype disclosures provided improvements across a wide range of loan terms and for substantial proportions of respondents. The improvements provided by the prototype form included:

    - 66 percentage point increase in the proportion of respondents correctly identifying the total amount of up-front charges in the loan.

    - 43 percentage point increase in the proportion of respondents recognizing that the loan contained charges for optional credit insurance.

    - 37 percentage point increase in the proportion correctly identifying the amount borrowed.

    - 24 percentage point increase in the proportion recognizing that a prepayment penalty would be assessed if the loan was refinanced in two years.

    - 21 percentage point increase in the proportion correctly identifying why the APR and interest rate may differ in a loan.

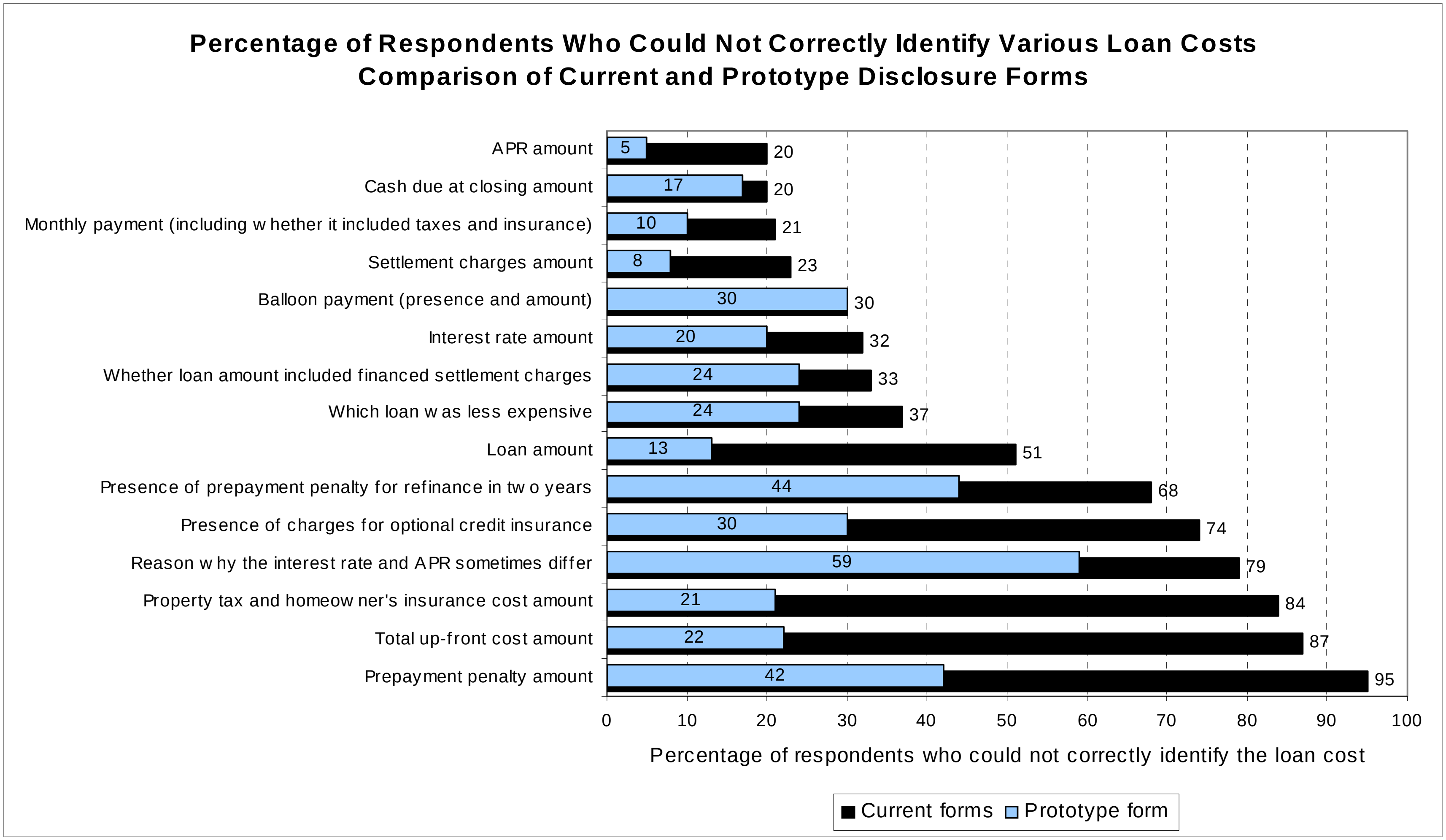
    - 16 percentage point increase in the proportion correctly identifying the APR amount.

- 15 percentage point increase in the proportion correctly identifying the amount of settlement charges.
- 13 percentage point increase in the proportion correctly identifying which of two loans was less expensive.
- 12 percentage point increase in the proportion correctly identifying the interest rate amount.
- 9 percentage point increase in the proportion recognizing that settlement charges were financed and included in the loan amount.
- The prototype form also conveyed the correct prepayment penalty amount to 59 percent of the respondents, and the correct amounts of property taxes and homeowner's insurance charges, for a loan in which the charges were not included in the monthly payment, to 79 percent of the respondents. This information is not included in the current forms.

- A comparison of the percentage of respondents using the current and prototype forms who could not correctly identify various loan costs is presented in the chart in Figure ES-1. The chart illustrates the improvements provided by the prototype form.

- Although the prototype form provided significant improvements in consumer understanding, some consumers still failed to recognize key costs, and, in some cases, represented substantial proportions of prototype-form respondents. Forty-one percent of prototype form respondents, for example, could not identify the amount of prepayment penalties (though this was a substantial improvement over the 95 percent who could not do so with the current forms), and 30 percent did not recognize that the loan included a large balloon payment, an identical percentage as in the current-forms group. Further development of the disclosures may provide additional improvements that better convey these costs.

Figure ES-1


Percentage of Respondents Who Could Not Correctly Identify Various Loan Costs
Comparison of Current and Prototype Disclosure Forms
APR amount
Cash due at closing amount
Monthly payment (including w hether it included taxes and insurance)
Settlement charges amount
Balloon payment (presence and amount)
Interest rate amount
Whether loan amount included financed settlement charges
Which loan w as less expensive
Loan amount
Presence of prepayment penalty for refinance in tw o years
Presence of charges for optional credit insurance
Reason w hy the interest rate and APR sometimes differ
Property tax and homeow ner's insurance cost amount
Total up-front cost amount
Prepayment penalty amount
5
20
17
20
10
21
8
23
30
30
20
32
24
33
24
37
13
51
44
68
30
74
59
79
21
84
22
87
42
95
0
10
20
30
40
50
60
70
80
90
100
Percentage of respondents who could not correctly identify the loan cost
Current forms
Prototype form

(3) Both prime and subprime borrowers failed to understand key loan terms when viewing the current disclosures, and both benefitted from improved disclosures

- Prime borrowers viewing the current disclosure forms answered an average of 62.0 percent of the questions correctly, compared to 59.6 percent for subprime borrowers, a difference of only 2.4 percentage points.

- Although prime borrowers performed better than subprime borrowers in most of the questions, the differences were almost always small and, with only two exceptions, not statistically significant.

- The prototype form provided similar benefits to both prime and subprime borrowers. In the complex-loan scenario, for example, the prototype form increased the average percentage of questions answered correctly by 21.6 percentage points for prime borrowers and 22.4 percentage points for subprime borrowers.

- In the 23 questions in which the prototype form performed better than the current forms, prime borrowers obtained a larger percentage point improvement in 11 questions and subprime borrowers obtained a larger improvement in 12 questions.

(4) Improved disclosures provided the greatest benefit for more complex loans, where both prime and subprime borrowers had the most difficulty understanding loan terms.

- Respondents viewing current disclosure forms answered 66 percent of the questions correctly in the simple-loan scenario, compared to 56 percent in the complex-loan scenario, a difference of 10 percentage points. Similarly, respondents viewing the prototype form answered 82 percent of the questions correctly in the simple-loan scenario, compared to 78 percent in the complex-loan scenario, a difference of four percentage points.

- The prototype form increased the percentage of questions answered correctly by 22 percentage points in the complex-loan scenario, compared to 16 percentage points in the simple-loan scenario.

- If loans in the subprime market tend to have more complex features than loans in the prime market, these results suggest that borrowers in the subprime market may have greater difficulty understanding their loan terms than borrowers in the prime market, and improved disclosures may provide a greater beneficial impact in the subprime market.

In summary, the consumer testing found that current mortgage cost disclosures failed to convey key mortgage costs to both prime and subprime borrowers, and that prototype disclosures developed for the study significantly improved consumer recognition of mortgage costs, demonstrating that better disclosures are feasible. Improved disclosures provided the greatest benefits for more complex loans, where both prime and subprime borrowers had the most difficulty understanding loan terms.

These findings may be even stronger in real-world transactions. Although in real-world transactions borrowers will have greater incentive to understand loan costs, because their homes and savings are at risk, they also may face a number of factors that make it more difficult to understand their loan costs. The consumer testing was conducted in a quiet, experimental setting. Respondents did not face the time pressure of a loan closing, a large stack of other closing paperwork, or deceptive tactics aimed at obscuring loan costs, all of which are likely to aggravate the difficulties consumers have understanding their loan terms. These difficulties may be especially acute for refinance loans, for which the TILA disclosures need not be provided until closing. Further difficulties are introduced because the settlement costs disclosed earlier in the GFE are subject to change at closing.

The differences between prime and subprime borrowers also may be larger in real-world transactions. The study results were obtained holding constant the complexity of the loans. In actual market transactions, subprime borrowers may be more likely to face loans with complex features, which the study found were more difficult to understand. Adjustable-rate, hybrid, and payment option loans, which were not tested, are likely to create even greater difficulties. Time pressure at closing, voluminous other paperwork, and any deceptive practices are likely to especially aggravate understanding difficulties for these more complex loans. Many subprime borrowers also face pressures not typically faced by prime borrowers, such as the need to obtain a loan quickly in order to address family financial difficulties, or the experience of being turned down by several lenders before being approved for a loan. All of these considerations suggest that subprime borrowers may face even greater difficulties understanding their loan terms than indicated by the study results, and may benefit the most from improved disclosures.

Conclusions

If consumers do not understand the costs and terms of their mortgages, they may pay more for their mortgages than necessary, obtain inappropriate loan terms, fall prey to deceptive lending practices, and experience unpleasant surprises and financial difficulties during the course of their loans. The results of the study show that current mortgage disclosures fail to convey key mortgage costs and terms to many consumers, leaving them susceptible to these problems.

This study also demonstrates that better cost disclosures can significantly improve consumer recognition of loan costs. Further development of the disclosures may provide additional improvements that better convey these costs to even more consumers. Better cost disclosures have the potential for providing greater consumer understanding of loan costs, more efficient comparison shopping, reduced vulnerability to deceptive lending practices, and enhanced competition in the marketplace. This study demonstrates that it is possible to achieve such improvements.

The study also illustrates the importance of consumer testing in the development and evaluation of consumer disclosure policy. Although some disclosures may be so simple and straightforward that testing is not necessary, for most disclosures, particularly those regarding something as complicated and difficult to understand as mortgage transactions, testing is essential to ensure that the disclosures effectively convey the desired information to consumers.

Mortgage Loan Offer

FS Mortgage Company

LOAN "T"

456 Main Street
Mortgagetown, Virginia 22189
(703) 555-2767

Borrower: James and Clara Borrower

Offer Date: October 14, 2005

Property Location: 123 Your Street, Hometown, VA 22189

This page provides a summary of your loan, our charges for the loan, and your loan payments. See pages 2 and 3 for important details on each of these items.

YOUR LOAN

Loan Type Summary	10 year interest-only balloon
Loan Amount	$ 189,313.43
Loan Term	10 years (120 monthly payments)

OUR LOAN CHARGES

Interest Rate	6.65%	Fixed rate
Up-Front Charges	$ 7,658.43	Total settlement charges
	$ 6,230.00	Charges for optional products and services
	$ 13,888.43	Total up-front charges
Monthly-Billed Charges	None	
Annual Percentage Rate (APR)	6.88%	The cost of credit, including both interest payments and other finance charges, expressed as an annual rate.

YOUR LOAN PAYMENTS

Cash Due at Closing	$ 0.00	
Monthly Payments	$ 1,254.95	Payments number 1–119 (Includes required payments for property taxes and hazard insurance.)
Balloon Payment	$ 190,568.38	Payment number 120 – You will have to pay this amount at the end of the 10 year loan term.

PENALTIES AND LATE FEES

Prepayment Penalty	None
Late Fee	A 5% late fee will be charged on payments more than 7 days late.

This page and the next provide explanations and important details about your loan amount, our charges for the loan, and your loan payments. See page 1 for a summary of these items.

LOAN AMOUNT DETAILS

Loan Amount	$ 150,000.00	Refinance current mortgage loan
	$ 20,000.00	Cash paid to borrower
	$ 5,425.00	Consolidation of borrower's other debts
	$ 7,658.43	Financed settlement charges
	$ 6,230.00	Financed charges for optional products and services
	-----------------	
	$ 189,313.43	Total Loan Amount

OPTIONAL CHARGES DETAILS

Optional Products and Services Charges	$ 3,900.00	Credit life insurance
	$ 2,330.00	Credit disability insurance

	$ 6,230.00	Total Optional Product and Services Charges

These products and services are NOT required for the loan. Tell your loan provider if you do not wish to purchase them and make sure that you obtain a revised offer sheet with these charges removed.

CASH DUE AT CLOSING DETAILS

Cash Due at Closing	$ 0.00

MONTHLY PAYMENT DETAILS

Monthly Payment

Itemization of initial monthly payment

$	1,049.11	Principal and interest
$	145.83	Property tax escrow
$	60.00	Hazard (homeowners) insurance
$	0.00	Private mortgage insurance (PMI)
$	0.00	Monthly-billed optional products or services

$	1,254.95	Total initial monthly payment

Taxes and Insurance	Property taxes and hazard insurance ARE included in your monthly loan payment.

SETTLEMENT CHARGES DETAILS

This page lists the settlement services included in the settlement charges shown on page 1. ALL of the settlement services you need to close the loan are included.

Settlement Services Package	$5,230.00	This package includes the following services: Origination and lender services: Loan origination; Appraisal; Credit report; Lender's property survey; Lender's property inspection; Pest inspection Title services: Settlement agent; Title search and examination; Title document preparation; Lender's title insurance; Attorney services; Notary fee Government taxes and fees: County recording fee; State and local tax stamps
Interest Charge for Partial Month	$ 275.93	This charge is for the daily interest charges from the day of your settlement until the end of the month. For this loan this amount is $ 34.4914 per day for 8 days (if your closing date is 10/24/05).
Prepaid Items	$ 0.00 $ 720.00	Property taxes (0 months at $_____ per month) Hazard insurance (12 months at $ 60.00 per month)
Reserves Deposited with the Lender	$1,312.50 $ 120.00	Property taxes (9 months at $ 145.83 per month) Hazard insurance (2 months at $ 60.00 per month)
Total Settlement Charges	**$7,658.43**	**Total Settlement Charges**

HOW TO PROTECT YOURSELF

COMPARISON SHOP TO FIND THE BEST DEAL — The lender or broker providing this loan is not necessarily shopping on your behalf or providing you with the lowest cost loan.

DO NOT RELY ON ORAL PROMISES TO CHANGE THESE TERMS — Obtain all changes in writing.

SAVE THIS OFFER SHEET AND COMPARE TO DOCUMENTS AT CLOSING — Before you sign any papers at your loan closing (loan settlement), make sure that the costs have not been increased.

Federal law requires that this offer sheet be provided to the borrower within three (3) business days after the borrower has applied for a loan. If the loan terms change prior to acceptance by the borrower, a new offer sheet must be provided. Notify the Federal Trade Commission (FTC) if the lender does not abide by the terms set forth in this offer or does not provide this offer sheet within three days of application: Federal Trade Commission (FTC), 600 Pennsylvania Avenue, N.W., Washington D.C., 20580, telephone (877) FTC-HELP (382-4357), web site www.ftc.gov.