

STAFF MEASURE SUMMARY

House Committee On Consumer Protection and Government Effectiveness

Fiscal: Has minimal fiscal impact

Revenue: No Revenue Impact

Action Date: 03/31/15

Action: Do Pass As Amended And Be Printed Engrossed.

Meeting Dates: 02/05, 03/26, 03/31

Vote:

Yeas: 7 - Buehler, Fagan, Holvey, McLain, Nearman, Rayfield, Stark

Prepared By: Wendy Simons, Committee Administrator

WHAT THE MEASURE DOES:

Makes material misrepresentations in commercial communications about mortgage credit products an unlawful trade practice. Prohibits person advertising mortgage credit products from knowingly omitting to identify self, or to state or represent that a connection exists between the advertiser and another person without that person's written agreement or consent. Requires advertisers to keep copies of all advertisements, including scripts and training materials, for 24 months. Makes failing to keep such records an unlawful trade practice for which the attorney general or district attorney may bring suit.

ISSUES DISCUSSED:

- Confusion generated by letters claiming that consumers have problems with their mortgage loans
- Federal and state provisions to address deception in mortgage credit communications and advertisements

EFFECT OF COMMITTEE AMENDMENT:

Replaces original measure.

BACKGROUND:

Consumers report receiving letters claiming that the consumers have problems with their mortgage loans, but which do not clearly identify the sender but imply that the sender is associated with the institution which issued the loan. These letters cause confusion for consumers, particularly the elderly, and could induce consumers to make costly financial decisions. House Bill 2637-A requires advertisers of mortgage credit products to identify themselves and prohibits them from representing that a connection exists between the advertiser and a consumer's lender if there is no such connection.