

BILL ANALYSIS

H.B. 1129
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Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Concerns have been raised regarding certain exploitative lending practices employed across Texas. Unfortunately, false and misleading advertising is commonplace among providers of reverse mortgage loan agreements. These providers have been known to mislead borrowers regarding the implication of their loans, falsely claim that the borrowers are at no risk of losing their home, and imply that reverse mortgages are government-run programs. Sometimes, lenders advertise these loans as being insured by the Federal Housing Administration, when in reality, this federal protection only applies to the lender, not the borrower. Advertisements for reverse mortgage loans may also feature celebrity spokespeople, which creates a false sense of trust in these agreements. H.B. 1129 seeks to address these issues by prohibiting lenders from engaging in false, misleading, or deceptive practices when advertising a reverse mortgage loan agreement and by classifying a related violation as a deceptive trade practice.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 1129 amends the Finance Code to prohibit a person, in any manner, from advertising or causing to be advertised a false, misleading, or deceptive statement or representation made to induce a potential borrower into applying for or entering into a reverse mortgage loan agreement. A statement or representation is misleading or deceptive if it has the capacity or tendency to mislead or deceive a potential borrower, considering the following:

- the overall impression that the statement or representation reasonably creates; and
- the particular type of potential borrower to which the statement or representation is directed and whether the statement or representation may be reasonably comprehended by that potential borrower.

The bill classifies a violation of these provisions as a deceptive trade practice actionable under the Deceptive Trade Practices-Consumer Protection Act.

EFFECTIVE DATE

September 1, 2021.