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FISCAL IMPACT REPORT

SPONSOR: HJC DATE TYPED: 03/12/03 HB 459/HJCS

SHORT TITLE: Misleading Extension of Credit SB _____

ANALYST: Gilbert

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Regulation Licensing Department (RLD)

SUMMARY

Synopsis of Bill

House Judiciary Committee substitute for House Bill 454 adds a new section to the Unfair Practices Act relating to the extension of pre-approved credit via a blank check. In the absence of adequate notification that this practice represents a loan, this bill would make this an unfair and deceptive trade practice and the misleading extension of credit. However, upon clear and prominent notice with specific disclosures pursuant to the Federal Truth in Lending Act, the bill specifies this practice does not constitute a misleading extension of credit.

This bill also clarifies “clear and conspicuous disclosure to:

include printing the word "loan" in a prominent and conspicuous manner as compared with other words, statements, designs or graphic material in contrasting color letters on the front of the pre-approved loan check

This addresses the Regulation Licensing Department’s recommendation that HB 459 be amended to delineate how “clear and prominent notice” should be displayed.