

Mark E. Aldrich
Janet M. Bonnefin
Mark A. Moore
Robert K. Olsen
Eric G. Baron
Keith R. Forrester

Susan P. Somuri
Jill C. Kovar
Michael N. Delune
Anne M. McEvilly
Tricia E. Engelhardt



18500 Von Karman Avenue, Suite 300
Irvine, California 92612
Telephone: (949) 474-1944
Facsimile: (949) 474-0617

MAILING ADDRESS:
Post Office Box 19686
Irvine, California 92623-1029

E-MAIL ADDRESS:
ab@aldrichandbonnefin.com

WEBSITE ADDRESS:
www.aldrichandbonnefin.com
Tax I.D. Number: 33-0027849

Our File Number:

Mortgage Lender Settles FTC Charges on Prescreen Opt-out Notice Flaw

A mortgage lender has agreed to pay \$20,000 in civil money penalties for failing to include an opt-out notice in prescreened offers of credit sent to consumers. Among other things, the Fair Credit Reporting Act requires lenders that make prescreened offers based on information in the consumer's credit report to clearly and conspicuously disclose that the consumer has the right to opt-out of receiving such offers in the future. The FCRA rules require a layered notice which consists of both a short notice and long notice. The rules also impose certain location and font-size requirements.

The Federal Trade Commission alleged that Metropolitan Home Mortgage, Inc. (dba Wholesale Home Lenders) failed to comply with the opt-out notice requirements. According to the FTC's claims, in some instances the mortgage lender's prescreened offers did not contain a short notice on the front page of the solicitation, as required by the rule. In other instances, the notices did not comply with type-size and formatting requirements of the rule.

In addition to having to pay civil money penalties, the settlement also imposes reporting requirements in order to monitor the mortgage lender's compliance with the order.