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May 2025

ICBA Regulatory Update: Trigger Leads

Topic/Issue: Mortgage Trigger Leads

Agency: CFPB

Status: A trigger lead is a marketing product that credit reporting agencies sell to third parties when a lender initiates a hard credit pull for a prospective mortgage applicant with the intention of creating competing offers for the future homebuyer. However, the practice has created a lot of confusion for customers who are suddenly inundated with offers, sometimes dubious, of mortgage credit from a variety of lenders via phone or text. Community banks are sometimes falsely accused of selling a consumer's information, resulting in reputational damage and potential loss of business.

Multiple bills in the House and Senate have been introduced to combat trigger leads, an issue that has been a persistent area of concern for community banks and their customers. There is bipartisan support on this issue, but there is a debate over questions about to what extent trigger leads should be banned or limited as well as when and how easily consumers can opt out.

ICBA Position: ICBA supports regulatory and legislative changes that strictly limit the use of trigger leads to make unsolicited calls and offers to consumers without their express consent. There should be a quick and efficient way for a consumer to opt out of having their information sold to a third party or, more preferably, an option requiring a consumer to opt in to receive such solicitations. In addition to a mandatory opt-in policy, trigger leads should be limited in use to lenders that have previously originated a mortgage for the applicant or lenders currently servicing the mortgage.

Key Talking Points:

- Trigger leads often result in an inundation of calls or texts to customers following a hard credit pull for a mortgage loan. This happens without their consent, resulting in increased instances of fraud and general confusion for the consumer.
- There is strong bipartisan support to address many of the concerns regarding trigger leads. **ICBA supported H.R. 2808/S. 1467**, the Homebuyers Privacy Protection Act, sponsored by Representatives John Rose (R-TN) and Ritchie Torres (D-NY) and Senators Jack Reed (D-RI) and Bill Hagerty (R-TN), which was included in the Senate version of the NDAA and passed the Senate via unanimous consent in the 118th Congress.

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- The bill would limit trigger lead solicitations exclusively to mortgage applicants who provide their consent or lenders that have previously originated a mortgage for the applicant, capturing refinance activity; lenders currently servicing the mortgage; or insured depository institutions that have a current account with the applicant. The CFPB has been reluctant to get involved in this issue despite their oversight of the credit reporting agencies.