






DON'T WEAKEN PROTECTION FOR NORTH CAROLINA HOMEOWNERS, RENTERS AND HOMEBUYERS

House Bill 654 would weaken protections and make it easier for unscrupulous real-estate scam artists to rob working families of wealth and cost people their homes

BY JEFF SHAW – Director of Communications

EXECUTIVE SUMMARY:

-  House Bill 654 would weaken protections for homeowners and homebuyers against unscrupulous practices like foreclosure rescue scams.
-  Common-sense safeguards that protect homeowners, buyers and renters are critical to opportunity and prosperity. Weakening our state's defenses against foreclosure rescue and other real-estate scams is especially unwise with the continuing economic crisis.
-  One example of the dangers: House Bill 654 would make it easier for scammers to create abusive contracts with provisions that could cost people their homes even if they've made every payment and made those payments on time. This is unspeakably harmful to consumers.

NOW MORE THAN EVER, homeowners, buyers, and renters need strong protections. Weakening our state's defenses against harmful practices is always unwise, but is especially wrongheaded with the continuing economic crisis.

Common-sense safeguards that protect homeowners and renters are critical to opportunity and prosperity. That's why it is so important to protect people from a range of predatory practices and scams.

Unfortunately, House Bill 654 would remove many of these vital protections, making consumers more vulnerable. This bill would take North Carolina in the wrong direction.

During the last session, North Carolina lawmakers put strong, reasonable rules in place through the Homeowner and Homebuyer Protection Act. This legislation was a wise and practical way to protect people who own or are looking to purchase a home.

The bill created valuable safeguards against unethical practices. Lawmakers reached a broad bipartisan consensus on the approach the bill took.

Without such basic regulation on practices like foreclosure rescue scams, lease "option" contracts, and contracts for deed, consumers can be manipulated into bad deals that devastate families and undermine the economic well-being of all North Carolinians.

Yet these are precisely the kind of protections and regulations that HB654 would strip. The bill would create dangerous gaps in the law by undermining standards for real estate transactions.

One example of the dangers: House Bill 654 would weaken protections against abusive contract for deed provisions by allowing abusive contracts and provisions that could cost people their homes even if they've made every payment and made those payments on time. This is unspeakably harmful to consumers.

As a state, it's in our best interests to help keep people in their houses. We all benefit when people purchase homes, stimulate the economy, and build strong communities. If we want to encourage homeownership – and encourage the economic growth it represents – we need to strengthen, not weaken, protections against misleading and dangerous practices.

It isn't just homeowners and homebuyers that would suffer. In these challenging economic times, as many North Carolinians face lost jobs and the threat of foreclosure, it's all the more important to stand up for both homeowners and renters. Many families who once owned their homes, having lost out during the recession, now rent.

These families need help now more than ever. HB 654 not only fails to offer that help, it would make North Carolina families even more vulnerable.

Instead, we should take a different path: preserving the common-sense regulations we have. This would protect the economic well-being of our communities – and the interests of every lawmaker's constituents. Efforts to weaken vital consumer protections would serve no useful purpose, but would leave North Carolina's families vulnerable to exploitation – and our economy at risk, too.

Those who choose to engage in unscrupulous practices should not be allowed to take advantage of hardworking North Carolinians. House Bill 654 would allow just that. Lawmakers would be wise to protect North Carolina consumers by rejecting this bill.