



# ATTORNEYS

## WHY SHOULD YOU CARE ABOUT HB 1222 AND HOW YOUR STATE SENATOR VOTES?



The Federal Reserve Board rejected restricting lender compensation as a part of the new index. Yet the North Carolina House of Representatives adopted the new Federal rate spread index and kept lender compensation restrictions!

Consider; if HB 1222 is adopted as passed by the House, the impact on North Carolina housing will be severe:

- **IT WILL IMPACT YOUR LOAN CLOSINGS AND TITLE WORK.** In order to close loans lenders, builders and realtors need to have options for home buyers. HB 1222 eliminates those. Many niche lenders which do business in North Carolina do so only through third party origination (TPO) channels. HB 1222 will severely restrict those channels.
- **IT WILL IMPACT EMPLOYMENT.** This is one of those “no brainer” statements. Less loans closed, less staff, less agents, less builders, less mortgage personnel, less groceries, etc. = less ability to buy homes = fewer closings.
- **IT WILL IMPACT CONSUMER CHOICE.** Right now consumers have choices when purchasing a home - VA, USDA, FHA or conventional loans. Many of those choices will be eliminated by HB 1222 because it eliminates the motivation for mortgage companies to deliver choices - choices homebuyers need to buy homes.
- **IT WILL IMPACT NORTH CAROLINA’S RECOVERY BY LIMITING THE FLOW OF MONEY TO NORTH CAROLINA.** North Carolina needs money to recover. HB 1222 places limitations on home loans that will lead many companies to pull out of certain markets in North Carolina.
- **IT WILL LEAD TO MORE FORECLOSURES.** North Carolina markets are already in a foreclosure glut. Foreclosures drive down home values and impede housing sales. If HB 1222 passes, foreclosures may go through the roof!!!! Current homeowners who have interest only loans, adjustable rate mortgages or balloon notes may not be able to refinance out of those loans. Foreclosure may then be their only option.

**We are in this together – attorneys, mortgage professionals, realtors and builders. The answer for North Carolina is to adopt the Federal Rule in its entirety, not just in part. Call your state Senator today and tell them to amend HB 1222 to conform to Federal law.**