

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

H

1

HOUSE BILL 1145

Short Title: Real Estate Loan Requirement.

(Public)

Sponsors: Representatives S. Thompson; Hardaway, Dawkins, Stam, Gardner, Fitch, Stamey, and Howard.

Referred to: Judiciary.

April 10, 1989

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT A LENDER MAY NOT REQUIRE A BORROWER TO DEAL WITH PARTICULAR ATTORNEYS.

The General Assembly of North Carolina enacts:

Section 1. Chapter 75 of the General Statutes is amended by adding a new section to read:

"§ 75-20. Lender may not require borrower to deal with particular attorneys.

(a) No person, firm, or corporation engaged in lending money on the security of real or personal property, and no trustee, director, officer, agent, employee, affiliate, or associate of any such person, firm, or corporation, shall either directly or indirectly require or impose as a condition precedent

(1) To financing the purchase of such property, or

(2) To lending money upon the security of a mortgage, deed of trust, or other security instrument, or

(3) For the renewal or extension of any such loan, mortgage, or deed of trust, or

(4) For the performance of any other act in connection therewith,

that such person, firm or corporation

a. For whom such purchase is to be financed, or

b. To whom the money is to be loaned, or

c. For whom such extension, renewal, or other act is to be granted,

1 procure the services of a particular attorney specified or otherwise designated in any
2 manner by the lenders, or their agents or employees or affiliated or related companies,
3 to perform any legal services in connection with activities listed in this section.

4 (b) Although the lender and other persons enumerated in subsection (a) may not
5 specify or designate as a condition precedent a particular attorney to perform the
6 activities listed in that subsection, those persons, firms, or corporations engaged in
7 lending money may approve the attorney selected by the borrower on a reasonable,
8 nondiscriminatory basis.

9 (c) The superior court, on complaint by any person that subsection (a) is being
10 violated, may issue an injunction against the violation and may fine any lender or other
11 person enumerated in subsection (a) up to two thousand dollars (\$2,000) per person for
12 each violation. If a lender or other person disregards the injunction or other court order,
13 the superior court shall hold those parties in contempt and prescribe such further
14 penalties as the court may impose in its discretion."

15 Sec. 2. This act shall become effective October 1, 1989.