

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 1146

Short Title: Lender Disclosure Requirement.

(Public)

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

Referred to: Judiciary.

April 10, 1989

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THAT A LENDER WHO RETAINS AN ATTORNEY TO PERFORM SERVICES IN CONNECTION WITH A REAL ESTATE CLOSING MUST EXPLAIN TO THE BORROWER THAT THE ATTORNEY REPRESENTS ONLY THE LENDER.

The General Assembly of North Carolina enacts:

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

"§ 75-21. Lender disclosure requirement.

(a) Any person, firm, or corporation engaged in lending money on the security of real property, or any trustee, director, officer, agent, employee, affiliate, or associate of any such person, firm, or corporation, which retains or authorizes the services of an attorney to examine the title to real property, render a title opinion, obtain title insurance, prepare and record documents, or disburse funds at a real estate closing shall explain in writing to the person, firm, or corporation to whom the money is to be loaned that the attorney represents the lender which has retained him or authorized his services, and does not owe a duty to any other person, firm, or corporation. Such disclosure shall be made within a reasonable time prior to any closing so that the borrower may procure his own counsel if he wishes.

(b) The superior court, on complaint by any person that subsection (a) has been violated, may issue an injunction against further violations and may fine any lender or other person enumerated in subsection (a) up to two thousand dollars (\$2,000) per person for each violation. If a lender or other person disregards the injunction or other

1 court order, the superior court shall hold those parties in contempt and prescribe such
2 further penalties as the court may impose in its discretion."

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