

**HB 2623/SL 2008-226**  
**Emergency Foreclosure Reduction Program**

This legislation creates a program within the Commissioner of Banks' office designed to reduce the number of subprime foreclosures in North Carolina. The law requires that homeowners receive at least 45 days' notice before foreclosure proceedings begin, and gives the Commissioner of Banks (COB) the authority to extend the foreclosure process an additional 30 days to facilitate efforts between servicers and borrower to save the borrower's home. In addition, the law provides that the Commissioner may use existing funds to hire staff and to create a database within the Administrative Office of the Courts to track the 45-day notices and to collect additional information on subprime loans in foreclosure.

**For subprime loans made from 2005 through 2007:**

- **Servicer must notify homeowner at least 45 days before beginning the foreclosure process**
  - Inform homeowner of the availability of resources to avoid foreclosure
  - Itemize all amounts due
  - Provide contact information for
    - The lender/servicer who can work with homeowner to avoid foreclosure,
    - At least one HUD-approved counseling agency,
    - The consumer complaints section of the Commissioner of Banks.
- **Pre-foreclosure information must be filed electronically with Administrative Office of the Courts (AOC)**
  - Within 3 days of mailing the notice to the homeowner,
  - COB and AOC will develop a database by November 1, 2008 for use in the foreclosure prevention project.
- **The Commissioner of Banks could delay proceedings for up to an additional 30 days**
  - The extra time would allow COB to help arrange debt counseling, negotiations with the lenders and legal advice.
- **All foreclosure notices filed on subprime loans must contain certification of the pre-foreclosure notice beginning November 15, 2008.**
- **COB will make \$600,000 in grants to nonprofit counseling agencies** and use \$400,000 to implement this program out of its 2008-09 fiscal year budget
- **Effective dates:** July 1, 2008 for funding provisions. The remainder of the bill becomes effective November 1, 2008 and expires October 31, 2010.