



STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
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MICHAEL F. EASLEY
GOVERNOR

August 19, 2003

GOVERNOR'S OBJECTIONS AND VETO MESSAGE

House Bill 917 would raise the fees that consumer finance companies may charge mortgage borrowers by two percentage points (from one percent to three percent). It would allow new deferral fees and new modification fees of \$150 each per year. All of these fee increases are in addition to the statutorily allowed interest of up to 15 percent.

Consumer finance companies primarily make high rate, personal unsecured consumer loans to borrowers who may not qualify for bank loans. However, if consumer finance companies move these borrowers into first mortgage loans, they can charge up to 15 percent interest and an origination fee, while taking the borrower's home as security. To allow additional charges under these circumstances is unnecessary and harmful.

North Carolina is known for having one of the toughest predatory lending laws in the country. During a national recession, many families are struggling to make ends meet. However, the five large national and international conglomerates that make the vast majority of consumer finance loans are thriving. This legislation has no economic benefit to North Carolina or our working families. It would simply increase the cost of loans for North Carolina citizens at a time that they can afford it least.

Therefore, I veto the bill.

A handwritten signature in black ink, appearing to read "Michael F. Easley".

Michael F. Easley

