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A very important piece of consumer protection legislation was recently passed by the North Carolina Legislature and signed into law by **Governor Bev Perdue**. The **Consumer Economic Protection Act of 2009** provides important protections for homeowners dealing with delinquent mortgage payments and foreclosure threats. The protections provide for a lower appeal bond and for steps aimed at encouraging efforts to resolve mortgage delinquencies prior to foreclosure.

The new legislation sets the appeal bond in foreclosure cases at 1% of the outstanding principal and provides that the bond can be lowered if the borrower can demonstrate undue hardship or other good cause. The foreclosure protections also require that the clerk inquire as to what efforts have been made to resolve a delinquency and provide that the clerk shall continue the foreclosure hearing if good cause exists to believe that additional time or additional measures may resolve the delinquency without foreclosure.

These foreclosure protections are aimed at encouraging loan modifications, forbearance, and other foreclosure resolution plans to help stem the tide of costly foreclosures. This legislation should help homeowners, many of whom have fallen on hard times during the recent economic downturn, to stay in their homes if they can demonstrate a solid plan to get their mortgage current and to continue making required mortgage payments. The Act encourages lenders and loan servicers to work with borrowers on payment terms that help homeowners stay in their homes. At the same time, the legislation ensures that lenders remain protected, while they work with their borrowers. The Act should help credit-worthy borrowers remain in their homes, while helping lenders avoid costly foreclosures and accumulating a mass of non-income producing foreclosed homes.

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