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For Immediate Release

New North Carolina Law Will Protect Homebuyers from Predatory Contracts

Washington, D.C., Aug. 30, 2023 – The American Land Title Association (ALTA), the national trade association of the land title insurance industry, alongside AARP and the North Carolina Land Title Association (NCLTA) applaud the North Carolina legislature for passing House Bill (HB) 422, which includes provisions protecting homeowners from the predatory practice of filing unfair real estate fee agreements in property records, known as Non-Title Recorded Agreements for Personal Services (NTRAPS). The new law will make NTRAPS unenforceable.

“The property rights of American homebuyers must be protected,” said ALTA Vice President of Government Affairs Elizabeth Blosser. “A home often is a consumer’s largest investment, and the best way to support the certainty of land ownership is through public policy. We have to ensure that there are no unreasonable restraints on a homebuyer’s future ability to sell or refinance their property due to unwarranted transactional costs.”

NTRAPS have been recorded in property records since 2018. The practice preys upon homeowners, offering small cash gifts in exchange for decades-long contracts for the exclusive rights to sell the property. Submitting NTRAPS for inclusion in property records characterized as liens, covenants, encumbrances or security interests in exchange for money creates impediments and increases the cost and complexity of transferring or financing real estate in the future.

“The passage of HB 422 is a continuation of AARP’s advocacy efforts, undertaken in collaboration with ALTA in other states, to put an end to this harmful practice,” said AARP Government Affairs Director Samar Jha. “We expect and hope to work on similar legislative solutions in other states to help protect homeowners against such predatory housing practices.”

HB 422 follows the objective of similar bills introduced across the country to provide a remedy for existing NTRAPS while also discouraging these types of unfair practices impacting homeowners.

“NCLTA members proudly advocate for and support legislation which protects North Carolinians from predatory housing practices,” said NCLTA President James L. Bryan Jr. “We appreciate the work by the legislature and the governor to protect North Carolina consumers.”

“AARP is helping older adults steer clear from fraud, scams and other unscrupulous practices that threaten their economic security and savings,” said Michael Olender, director of AARP North Carolina. “Stopping unfair Realtor agreements is an important way to protect what is often someone’s most valuable asset, their home. We thank Attorney General Josh Stein, state lawmakers and other consumer

advocates for putting an end to a predatory business model that targets older adults and financially insecure homeowners.”

The new law will:

- Make NTRAPS unenforceable by law.
- Restrict and prohibit the recording of NTRAPS in property records.
- Create penalties if NTRAPS are recorded in property records.
- Provide for the removal of NTRAPS from property records and recovery of damages.

North Carolina Gov. Roy Cooper signed HB 422 into law on Aug. 24, 2023.

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About ALTA

The [American Land Title Association](#), founded in 1907, is a national trade association representing more than 6,500 title insurance companies, title and settlement agents, independent abstracters, title searchers and real estate attorneys. ALTA members conduct title searches, examinations, closings and issue title insurance that protects real property owners and mortgage lenders against losses from defects in titles.