Bankers blast bill on debts

By A.L. MAY Chief Capitol Corres

A plan to revamp state debt collection laws suf-fered a setback Wednesday when a banking industry spokesman said the industry would not ac-cept certain debtor pro-

calling the bill. Calling the bill "totally unrealistic," banking in-dustry lobbyist John R. Jordan Jr. told a legisla-Jordan Jr. toid a legisla-tive study commission that the industry would oppose the legislation in the Legislative session beginning June 5. Jordan said he expect-of the husiness communi-

Jordan said he expect-ed the business communi-ty in general to join the fight against the bill, which was proposed by the N.C. Bar Association. Legislative observers said the bill probably would not make it through the June session if the bankers actively oppose it.

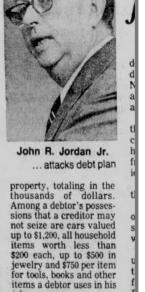
oppose it. The bill would revamp the state's debt collection law, creating a court-supervised system of col-ic ting money judgments

by creditors against debt-ors. Enforcement of judg-ments now is in the hands of county sheriffs. The bill also would al-low limited wage garn-ishment for the first time as a means of collecting as a means of collecting debts

Bankers had wanted to use the bill as a vehicle to exempt North Carolina from a new federal bank-ruptcy law that gives debtors broad protections from creditors.

The legislative commit-The legislative commit-tee refused to exempt the state from the law. Instead, it added a provi-sion giving debtors the choice of using federal property exemptions or state exemptions that would be created by the bill.

bill. The proposed state ex-emptions give persons who are in debt but who have not declared bank-ruptcy protection from creditors against seizure of property. The new federal law provides broad protection for a debtor's y rsonal



job. Under the state bill's which the bankers like, the debtor could protect only \$1,000 in personal property for himself and

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\$500 in personal property for each dependent. In one instance, the bill

would give the debtor more protection than the federal law gives. Federal law exempts from the creditor only \$7,500 of the equity in a home, an exemption the bankers like. The bar association's bill would exempt the entire home, regardless of value

Under the bill, the debt-or could decide which of the two laws best protects his personal holdings.

his personal holdings. For example, a debtor who does not own a home but owns a lot of personal property would opt for the federal exemptions that protect a variety of small items. A debtor who has more assets in real estate would opt for the state exemptions that tes completely protect the

home. Proponents of the fed-eral-state option — Reps. Ruth E. Cook, D-Wake, and H. Martin Lancaster, D-Wayne — said that de-nying federal bankruptcy exemptions to solvent debtors would encourage them to declare bank-ruptcy to get the federal exemptions. ber icts vith eleent, Edr 10 exemptions. "The reason for giving them the option is to keep the bal

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them out of bankruptcy, putting a debtor in a posi-tion where he has to make the election," Lancaster said

The study commission The study commission voted to send the bill to House and Senate judi-ciary committees. The bill already faces an uphill battle to win ap-proval in the June ses-sion, which legislative leaders are trying to limit to budgetary matters. Even if passed next

to budgetary matters. Even if passed next month, the bill would not become effective until October 1, 1982, a delay the bill's backers added Wednesday in hopes of in-creasing its chance of passage passage

"It would give the Leg-islature two years to study it, but by passing it in 1980 we could get it on the books and people the books and people would start taking it seriously," said Samuel H. Johnson, a Raleigh at-torney who is lobbying for the bill for the bar association in the coming ses Johnson said in an in-terview that any hopes of passing the bill depended

passing the bill depended on reaching a compro-mise between bankers and proponents of the state-federal option.

"I think we can do that, and I think it will pass,"

Junson said. The federal legislation with the bill, which the bar association spent al-most three years to pre-

The 89-page bill ad-dresses how to collect debts through court-or-

debts through court-or-dered money judgments against debtors. It does not apply to debtors who go into bankruptcy. Existing law puts the execution of judgments in the hands of county sher-iffs, a practice that crit-ics say is antiquated and often unworkable. For that system, the

For that system, the bill would substitute a court-supervised system of debt collection. That idea has drawn opposition from some county court clerks and district court judges who see the bill adding additional burdens to an already overburdened court

sytem. The bill also would introduce a limited form of wage garnishment for or-dinary debts, which is not now allowed in the state. Currently, wages may be garnished only to collect child support payments, taxes and, in some coun-ties, fees for ambulance services. Under the bill, only in-

come above \$12,000 a year would be subject to garnishment, and a judge could exempt even more from the garnishment to satisfy the support needs

satisfy the support needs of a family. The garnishment provi-sion has drawn opposition from consumer groups and Lagal Services Inc., a non-profit agency that provides legal aid to poor recorde

Legal aid advocates, however, have muted their opposition in ex-

change for other conces-sions in the bill, such as keeping the federal bank-ruptcy exemptions. Their agreement not to fight the bill could be expected to dissolve if the bankers get their way, observers said. The Consumer Protec

said. The Consumer Protec-tion Section of the state Attorney General's Office, has tentatively approved the bill, al-though the agency has questioned some provi-sions.

Angry Islamic officials blast U.S., sanctions

ISLAMABAD, Pakistan (AP) — Islamic foreign min-isters condemned the United States and European Common Market nations for actions against Iran and formed a committee to seek a comprehensive solution to the Afghanistan crisis, a spokesman said today.

The full session of the 39-nation conference con-demned the United States for last month's unsuccessful attempt to rescue the American hostages from Tehran and attacked Common Market nations for imposing economic sanctions on Iran.

The resolution expressed "outrage" at Egypt and other unnamed countries in the Middle East for report-edly providing assistance to the unsuccessful U.S. mis-sion sion

Apparently referring to both U.S. and Soviet naval forces, the resolution "seriously deplored" the escala-tion of naval activities in the Indian Ocean and the Persian Gulf



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