

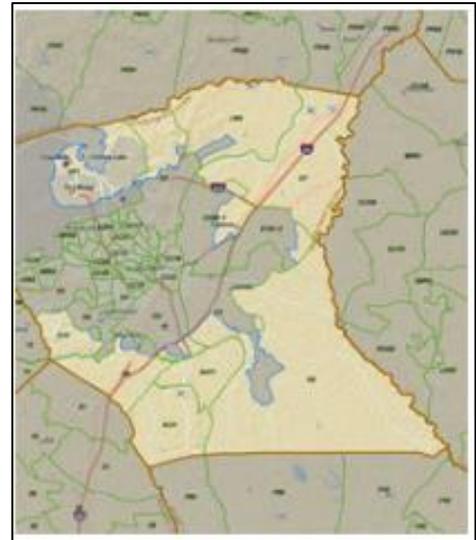
John Szoka: House District 45

Cumberland County

“There’s a larger percentage of people who work for government than work in healthcare, work in sales, work in manufacturing, or work in agriculture and that alone should tell you that there’s something wrong.” – [John Szoka](#), currently serving his third term working for the government

Real Facts North Carolina is continuing our series of legislator profiles, this time featuring Rep. John Szoka. Rep. Szoka is currently in his third term representing House District 45. Szoka is the Senior Chairman of the Energy and Public Utilities Committee and the Vice-Chairman of the Elections and Ethics Law Committee, the House Select Committee on Redistricting, and the House Rules Committee. Throughout his time at the General Assembly, Szoka has proven that he does not care about protecting working families. While working for a company that was sued for its predatory loan lending practices, Szoka has voted for multiple bills that directly target working and struggling North Carolinians.

House District 45



Summary

- Szoka works for WR Starkey Mortgage, a company that was sued for deceiving consumers buying overpriced homes.
 - WR Starkey Mortgage was accused of using inaccurate credit information to get people loans.
 - Due to the law suit, WR Starkey Mortgage had to pay damages to 171 North Carolina families.
- Not only does Szoka profit by targeting working families, he votes for policies that keep them down.
 - Szoka voted to end the Earned Income Tax Credit, which reduced poverty and helped families working for low wages
 - Szoka voted to slash unemployment benefits for North Carolinians, which caused 70,000 North Carolinians to lose access to the Federal Emergency Unemployment Compensation.
 - Szoka voted to tax forgiven mortgage debt.

Rep. John Szoka



While Szoka was working for a company that was sued for deceiving consumers into buying overpriced manufactured homes, he was voting for legislation that targeted the working class

WR Starkey Mortgage was accused of deceiving consumers into agreeing to loans that they could not afford

In 2009, the NC Attorney General's Office and the NC Commissioner of Banks named WR Starkey Mortgage in a law suit and accused the company of deceiving consumers into agreeing to loans they could not afford. "Two state agencies have accused three companies with ties to the Triad of "an elaborate scheme" to deceive consumers into buying overpriced manufactured homes. The lawsuit, filed Wednesday by the N.C. Attorney General's office and the N.C. Commissioner of Banks, also accuses the companies of deceiving consumers into agreeing to loans they could not afford. Named in the lawsuit are Phoenix Housing Group Inc. of Greensboro, K&B Homebuilders Inc. and W.R. Starkey Mortgage LLP of Plano, Texas, as well as individual defendants." (Winston-Salem Journal, [11/20/09](#))

WR Starkey Mortgage was accused of padding its profits by charging discount points. "The office accused W.R. Starkey of padding its profits by charging discount points, which are usually paid at closing in exchange for a lower interest rate over the life of the loan. W.R. Starkey imposed at least two discount points on all Phoenix customers but did not reduce homebuyers' interest rates, a violation of North Carolina laws against usury." (Winston-Salem Journal, [11/20/09](#))

In 2010, WR Starkey Mortgage was sued for deceiving consumers into buying overpriced manufactured homes. "Forty-one Triad homeowners will receive \$26,000 apiece as compensation for being victims of a scheme aimed at deceiving consumers into buying overpriced manufactured homes. WR Starkey Mortgage LLP of Plano, Texas, agreed to the \$4.45 million payment to settle a lawsuit filed by the N.C. Attorney General's office and the N.C. Office of the Commissioner of Banks. Starkey is a licensed mortgage lender with eight offices in North Carolina, including Greensboro and Winston-Salem. In November, the agencies sued Starkey, Phoenix Housing Group Inc., K&B Homebuilders Inc. and individual defendants. (Winston-Salem Journal, 8/3/10)

WR Starkey Mortgage was accused of using inaccurate credit information to get people loans. "The money is coming from the people who handled Farnsworth's mortgage. WR Starkey Mortgage is writing checks to 171 North Carolina families. The company is accused of using inaccurate credit information to get people loans and working with a home dealer to inflate the prices of manufactured homes." (WRAL, [8/16/10](#))

WR Starkey Mortgage was accused of working with a home dealer to inflate the prices of manufactured homes. "The money is coming from the people who handled Farnsworth's mortgage. WR Starkey Mortgage is writing checks to 171 North Carolina families. The company is accused of using inaccurate credit information to get people loans and working with a home dealer to inflate the prices of manufactured homes." (WRAL, [8/16/10](#))

The Department of Housing and Urban Development fined WR Starkey Mortgage for violating HUD/Federal Housing Administration lending guidelines. "The Department of Housing and Urban Development fined North Texas lender WR Starkey Mortgage \$223,000 for violating HUD/Federal Housing Administration lending guidelines, according to the Federal Register published Monday. HUD originally voted to fine the financial institution in May after finding violations with regard to 32 mortgages, according to the Federal Register. WR Starkey had numerous loan origination and underwriting deficiencies, failed to remit upfront mortgage insurance premiums in a timely manner, allowed a terminated third-party branch to originate loans, and violated property flipping guidelines." (Housing Wire, [12/27/10](#))

HUD found violations with regard to 32 mortgages. "The Department of Housing and Urban Development fined North Texas lender WR Starkey Mortgage \$223,000 for violating HUD/Federal

Housing Administration lending guidelines, according to the Federal Register published Monday. HUD originally voted to fine the financial institution in May after [finding violations with regard to 32 mortgages](#), according to the Federal Register. WR Starkey had numerous loan origination and underwriting deficiencies, failed to remit upfront mortgage insurance premiums in a timely manner, allowed a terminated third-party branch to originate loans, and violated property flipping guidelines.” (Housing Wire, [12/27/10](#))

Due to the law suit, WR Starkey Mortgage had to pay 171 North Carolina families. “The money is coming from the people who handled Farnsworth’s mortgage. WR Starkey Mortgage is writing checks to 171 North Carolina families. The company is accused of using inaccurate credit information to get people loans and working with a home dealer to inflate the prices of manufactured homes.” (WRAL, [8/16/10](#))

WR Starkey Mortgage agreed to pay \$4.7 million to move on. “WR Starkey doesn't admit or deny the charges, but agreed to pay a total of \$4.7 million to move on. The case isn't all that unusual. The state has gone after and collected on a number of mortgage fraud cases.” (WRAL, [8/16/10](#))

After the law suit, WR Starkey Mortgage hired an outside group for a compliance watchdog. “WR Starkey Mortgage announced a number of changes with its settlement – the CEO resigned, the president was removed and an outside group was hired as a compliance watchdog.” (WRAL, [8/16/10](#))

In 2013, Rep. Szoka voted for H82, ending the Earned Income Tax Credit, which reduced poverty and helped families working for low wages

- **In 2013, Szoka voted for H82, which ended the Earned Income Tax Credit.** (NC Leg, H82, signed by Gov. 3/13/13, retrieved [9/7/17](#))
- **Szoka voted against an amendment that would have extended the Earned Income Tax Credit until January 1, 2019.** (NC Leg, H82, signed by Gov. 3/13/13, retrieved [9/7/17](#))

Nearly one million North Carolina families claimed the state Earned Income Tax Credit each year. “Numbers show nearly one million North Carolina families claim the state Earned Income Tax Credit each year.” (WUNC, [3/15/14](#))

The EITC helped families working for low wages and reduced poverty. “As our recently updated backgrounder explains, these credits build on the benefits of the federal EITC and are easy to administer, with nearly every dollar spent on state credits going directly to the working families they were created to help. They not only help families working for low wages meet basic needs but also reduce poverty, especially among children. And the benefits can be long-lasting: low-income children in families that get additional income through programs like the EITC do better and go farther in school and, as a result, work more and earn more as adults.” (Center on Budget and Policy Priorities, [1/13/14](#))

In 2012, 29% of total tax returns in Cumberland County claimed the state EITC. (NC Department of Revenue, Preliminary Run of 2012 Individual Income Tax Extract, [2/2014](#))

In 2012, 52% of households in Cumberland County claimed the state EITC with a refund. (NC Department of Revenue, Preliminary Run of 2012 Individual Income Tax Extract, [2/2014](#))

In 2012, the total value of the Earned Income Tax Credit for Cumberland County was \$4,034,901. (NC Department of Revenue, Preliminary Run of 2012 Individual Income Tax Extract, [2/2014](#))

In 2013, Rep. Szoka voted for H4, which slashed unemployment benefits for North Carolinians

➤ **In 2013, Szoka voted for H4.** (NC Leg, H4, signed by Gov. 2/19/13, retrieved [9/7/17](#))

H4 ended the federal emergency unemployment compensation, which caused 70,000 North Carolinians to lose access to this support. “On June 30, as a result of legislation that passed in the first two weeks of the legislative session, the federal emergency unemployment compensation (EUC) program will end in North Carolina and with it an estimated 70,000 North Carolinians who are out of work through no fault of their own will lose access to this modest support. (Budget and Tax Center, retrieved [8/27/17](#))

H4 cost North Carolina an estimated \$600 million in federal benefits and had an estimated economic impact of \$1.2 billion. “In total, an estimated \$600 million in federal benefits will be lost to North Carolina’s economy with an estimated economic impact of \$1.2 billion.” (Budget and Tax Center, retrieved [8/27/17](#))

Szoka voted for H4 at a time when North Carolina had the fifth highest jobless rate in the nation. “North Carolina, which has the fifth-highest jobless rate in the nation, at 8.8 percent, acted in an attempt to eliminate a debt to the federal government of more than \$2 billion, legislators said.” (NY Times, [7/1/13](#))

As a result of H4, an estimated 2,706 workers in Cumberland County lost the Emergency Unemployment Compensation. (Unemployment rates from NC Division of Employment Security, local Area Unemployment Statistics, April 2013 and Federal Emergency Unemployment Recipients as of June 1, 2013 from Special Data Request to NC Division of Employment Security, June 2013, Budget and Tax Center, retrieved [9/11/17](#))

Szoka voted for S726, which counted forgiven mortgage debt as income for state tax purposes

Szoka voted for S726, which continued North Carolina’s practice of counting mortgage debt that is forgiven as income for state tax purposes. “The House on Wednesday gave final approval to legislation that would continue to count mortgage debt that is forgiven as income for state tax purposes. The measure goes back to the Senate for one final vote before heading to Gov. Pat McCrory for his signature or a veto. Among other things, Senate Bill 726 continues to "de-couple" North Carolina from federal tax law on the mortgage issue. Federal law doesn't tax homeowners on that kind of debt forgiveness, but North Carolina law does and would continue to under the bill.” (WRAL, [5/4/16](#); NC Leg, S726, signed by Gov. on [6/1/16](#))

###