



HOUSE BILL 762: Modernize NC S.A.F.E. Act.

2025-2026 General Assembly

Committee:	House Commerce and Economic Development. If favorable, re-refer to Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	April 15, 2025
Introduced by:	Reps. Ross, Arp, N. Jackson, Setzer	Prepared by:	Amy Darden
Analysis of:	First Edition		Committee Counsel

OVERVIEW: *House Bill 762 would do the following to the North Carolina Secure and Fair Enforcement Mortgage Licensing Act (SAFE Act):*

- *Add new organization to the entire Article.*
- *Modify various definitions.*
- *Clarify the Act applies to residential mortgage loans.*
- *Require applicants for licensure or registration have a principal office in the United States.*
- *Create emergency powers for the Commissioner in the event of a natural disaster or other national, regional, State, or local emergency.*
- *Create "Part 2 – Prudential Standards for Mortgage Servicers" in the SAFE Act.*
- *Make technical and conforming changes.*

CURRENT LAW: Article 19B of Chapter 53, the Secure and Fair Enforcement Mortgage Licensing Act (SAFE Act), which applies to residential mortgages, requires those engaged in the mortgage business to be licensed or registered, unless an exemption applies. The SAFE Act also prohibits certain activities and grants enforcement authority to the North Carolina Commissioner of Banks.

BILL ANALYSIS: House Bill 762 would do the following:

- Create a Part 1 titled "Application, Licensing, Examination, and Enforcement" comprising the existing sections in Article 19B.
- Remove the reference to the North Carolina Credit Union Commission from the definition of "Banking Commission."
- Add "bona fide nonprofit" to conform with the federal definition under 12 C.F.R. §1008.103(e)(7)(ii).
- Amend the definition of "branch manager" to be a mortgage loan originator who meets license requirements of G.S. 53-244.050(b), has at least 3 years residential lending experience, and is assigned to, in charge of, and responsible for the business operations of a branch office.

Kara McCraw
Director



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- Amend the definition of "branch office" to add a requirement that it consists of at least one enclosed room or building of stationary construction.
- Amend the definition of "Commissioner" to remove reference to the Administrator of Credit Unions.
- Amend the definition of "employee" to include a mortgage origination support registrant.
- Expand the definition of "engaging in the mortgage business," and specifically exclude timeshare instruments.
- Amend definition of "licensee" by removing a transitional mortgage loan originator and adding an exclusive mortgage broker.
- Amend definition of "loss mitigation specialist" to also include the employee of a mortgage lender, in addition to already including the employee of a mortgage servicer.
- Change all references to the Nationwide Mortgage Licensing System and Registry to NMLS.
- Amend the definition of "qualifying individual" to add a requirement of at least three years of residential mortgage lending or servicing experience.
- Clarify that the definition of "residential mortgage loan" does not include reverse mortgage loans.
- Delete the definition of "transitional mortgage loan originator."
- Require registration for a mortgage origination support specialist.
- Remove the transitional mortgage loan originator license.
- Remove State and federally chartered credit unions, that have filed a notice of exemption, from the list of exemptions from this Act.
- Add the following to the list of exemptions from this Act:
 - A person who receives 3 or fewer residential mortgage loans as security for purchase money obligations in one calendar year.
 - An estate or trust that receives no more than 1 residential mortgage loan as security for a purchase money obligation in one calendar year.
 - Any agency of the federal government or any state, local, or municipal government, or their subsidiaries, making or servicing residential mortgage loans.
 - Any bona fide nonprofit that makes or services residential mortgage loans to promote home ownership or improvements for disadvantaged homeowners, upon filing a notice of exemption with the Commissioner, so long as soliciting, brokering, making, or servicing residential mortgage loans is not their primary business.
 - A trust acting in a fiduciary capacity, upon filing a notice of exemption with the Commissioner.
 - A trustee of a trust, created under the laws of this State or the United States, that makes a residential mortgage loan to a qualified beneficiary of the trust or immediate family member, upon filing a notice of exemption with the Commissioner.
- Require branch offices of mortgage lenders and brokers to be in the United States.

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- Require applicants for licensure under the Act to have a principal office located in the United States.
- Allow educational or test credit in certain circumstances to those holding valid licenses in any other state or territory.
- Add a new requirement that each applicant for licensure as a mortgage lender, broker, or servicer and each applicant for registration to employ a qualified individual.
- Add a new requirement for each applicant must register any branch office of a mortgage lender or broker and must employ a branch manager.
- Give the Commissioner discretion, if good cause is shown, to require that the control person of an applicant as a mortgage lender, broker, or servicer, must provide equivalent background information in connection with their application.
- Modify the requirement for prelicensing education courses and providers to only require that they be reviewed and approved by NMLS.
- Make an exclusive mortgage broker subject to license renewal late fees.
- Remove the requirement of approval of the course provider of a continuing education course for mortgage loan originators.
- Insert a reference in the minimum net worth requirements of G.S. 53-244.104 to new Part 2 of this Article.
- Add a requirement that mortgage lenders, brokers, servicers, or registrants notify the Commissioner where required records will be stored.
- Remove the requirement for each mortgage broker and lender to display its certificate of licensure in public view at the principal and branch offices.
- Require mortgage lenders and brokers to include a link to NMLS Consumer Access on their websites.
- Make most duties of mortgage brokers also applicable to mortgage lenders under G.S. 53-244.109.
- Amend licensee duties to require a licensee disclose to the borrower any notice required by RESPA¹ or by regulations adopted under it, once the licensee accepts assignment of servicing rights of a mortgage loan.
- Allow the Commissioner to comply with service requirements by depositing a required or permitted notice with an authorized delivery service pursuant to 26 U.S.C. §7502(f)(2)².
- Make the Commissioner's participation in NMLS discretionary and allow the Commissioner to determine whether all persons must be licensed or registered through NMLS.
- Allow the Commissioner to waive or suspend requirements for compliance with this Article in the event of a natural disaster, or other national, regional, State, or local emergency.

¹ The Real Estate Settlement Procedures Act of 1974 (RESPA) (12 U.S.C. 2601 et seq.) (the act) became effective on June 20, 1975. The act requires lenders, mortgage brokers, or servicers of home loans to provide borrowers with pertinent and timely disclosures regarding the nature and costs of the real estate settlement process.

² The term "delivery service" means any delivery service provided by a trade or business if such service is designated by the Secretary for purposes of this section. <https://www.govinfo.gov/content/pkg/USCODE-2023-title26/pdf/USCODE-2023-title26-subtitleF-chap77-sec7502.pdf>

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- Create a new "Part 2. Prudential Standards for Mortgage Servicers" in Article 19B of Chapter 53.
 - Part 2 would only apply to a "*covered institution*" which is a mortgage servicer with servicing portfolios of 2,000 or more one-to four-unit residential mortgage loans serviced or subserviced for others, excluding whole loans owned, and loans being "interim" serviced prior to sale as of the most recent calendar year end, reported in the NMLS Mortgage Call Report.
 - Require covered institutions to meet financial conditions as set by the FHFA³ Eligibility Requirements for Enterprise Single-Family Seller/Servicers for capital, net worth ratio, and liquidity.
 - Require covered institutions to have a board of directors for oversight, unless specific exceptions apply.
 - Require covered institutions to have both internal and external audit procedures.
 - Require covered institutions to have a risk management program under the oversight of the board of directors.

EFFECTIVE DATE: House Bill 762 would become effective October 1, 2025.

³ Federal Housing Finance Agency.