



HOUSE BILL 762: Modernize NC S.A.F.E. Act/Second Mortgage Fee Act.

2025-2026 General Assembly

Analysis of: S.L. 2025-43

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S.L. 2025-43 (House Bill 762) does the following:

Modernization of the North Carolina Secure and Fair Enforcement Mortgage Licensing Act (S.A.F.E. Act) – The act reorganizes the Article, makes technical corrections, adds new language to create efficiencies, and harmonizes servicing provisions with federal program requirements. Specifically, the changes include:

- Creating a Part 1 titled "Application, Licensing, Examination, and Enforcement" comprising the existing sections in Article 19B and creating a Part 2 titled "Prudential Standards for Mortgage Servicers," which strengthens the nonbank mortgage servicing supervision framework for which compliance is required to service Fannie Mae and Freddie Mac loans.
- Removing provisions for the transitional licensing of mortgage loan originators and adding provisions to recognize temporary authority, which are changes to conform to federal law.
- Requiring at least three years of residential mortgage lending or servicing experience to be a "qualifying individual" who operates the business under the supervision and control of a mortgage broker, mortgage lender, or mortgage servicer.
- Requiring registration for a mortgage origination support specialist.
- Removing State and federally chartered credit unions that have filed a notice of exemption from the list of exemptions from this Act.
- Providing a list of additional exemptions from the S.A.F.E. Act, which include:
 - A person who receives three or fewer residential mortgage loans as security for purchase money obligations in one calendar year.
 - An estate or trust that receives no more than one 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 for improvements for disadvantaged homeowners, upon filing a notice of exemption with the Commissioner of Banks (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.

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House Bill 762

Page 2

- 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.
- Requiring branch offices of mortgage lenders and brokers to be in the United States and requiring applicants for licensure to have a principal office located in the United States.
- Substituting branch office registration for licensing and eliminating the branch license and associated fees.
- Modernizing mortgage loan origination testing and education provisions to align with national standards.
- Requiring mortgage lenders, brokers, servicers, or registrants to notify the Commissioner where required records will be stored.
- Removing the requirement for each mortgage broker and lender to display its certificate of licensure in public view at the principal and branch offices.
- Making the Commissioner's participation in NMLS discretionary and allowing the Commissioner to determine whether all persons must be licensed or registered through NMLS.
- Creating emergency powers for the Commissioner to waive regulatory requirements on a temporary basis in the event of a natural disaster or other national, regional, State, or local emergency.

Mortgage Fee Alignment – The act provides that the 2% limitation on lender fees and discounts provided by a lender do not apply to a loan secured by a second or junior lien on real property if the total points and fees charged to a borrower by all lenders related to that loan do not exceed the lesser of:

- Amounts specified under federal law.
- 3% of the total loan amount.

The provisions of the act pertaining to mortgage fee alignment became effective July 1, 2025, and applies to loans made on or after that date. The provisions of the act pertaining to the S.A.F.E. Act became effective October 1, 2025.