



SENATE BILL 675: Second Mortgage Fee Alignment Act.

2025-2026 General Assembly

Committee:	Senate Commerce and Insurance. If favorable, re-refer to Rules and Operations of the Senate	Date:	April 8, 2025
Introduced by:	Sens. Craven, Overcash, Blue	Prepared by:	William Brewer
Analysis of:	First Edition		Staff Attorney

OVERVIEW: *Senate Bill 675 would provide that the 2% limitation on lender fees and discounts on loans secured by a second or junior lien on real property would not apply if the total points and fees charged to a borrower by all lenders do not exceed the lesser of (i) the amounts specified in 12 C.F.R. 1026.43(e)(3) or (ii) 3% of the total loan amount.*

CURRENT LAW: G.S. 24-10(a) provides that a lender may not charge fees or discounts that, in the aggregate, exceed 2% of the total loan amount for a construction loan on other than a one or two family dwelling that is secured by real property where the principal amount is less than \$300,000. For all other construction loans where the principal amount is less than \$300,000, a lender may not charge fees or discounts that, in the aggregate, exceed 1% of the total loan amount.

G.S. 24-10(g) establishes a 2% limitation, in the aggregate, on lender fees and discounts on loans secured by a second or junior lien on real property when the lender is one of the following listed under G.S. 24-1.1A(a)(2):

- Approved as a mortgagee by the Secretary of Housing and Urban Development, the Federal Housing Administration, the Department of Veterans Affairs, a national mortgage association or any federal agency.
- A local or foreign bank, savings and loan association or service corporation wholly owned by one or more savings and loan associations and permitted by law to make home loans, credit union or insurance company
- A State or federal agency.

BILL ANALYSIS: Senate Bill 675 would provide that the 2% limitation on lender fees and discounts provided for in G.S. 24-10(g) would 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:

- The amounts specified in 12 C.F.R. 1026.43(e)(3) that references points and fees for qualified mortgages; or
- 3% of the total loan amount.

EFFECTIVE DATE: The act would be effective when it becomes law and would apply to loans made on or after that date.

Kara McCraw
Director



Legislative Analysis
Division
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