

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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**SENATE BILL 675
Commerce and Insurance Committee Substitute Adopted 4/8/25**

Short Title: Second Mortgage Fee Alignment Act.

(Public)

Sponsors:

Referred to:

March 26, 2025

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE MAXIMUM PERMISSIBLE FEES OR DISCOUNTS THAT CERTAIN LENDERS MAY CHARGE ON SECOND OR JUNIOR LIEN REAL ESTATE LOANS TO ALIGN MORE CLOSELY WITH FEDERAL QUALIFIED MORTGAGE STANDARDS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 24-10 reads as rewritten:

"§ 24-10. Maximum fees on loans secured by real property.

(a) No lender on loans made under G.S. 24-1.1 shall charge or receive from any borrower or any agent for a borrower, any fees or discounts unless otherwise allowed where the principal amount is less than three hundred thousand dollars (\$300,000) and is secured by real property, which fees or discounts in the aggregate shall exceed two percent (2%) if a construction loan on other than a one or two family dwelling, and one percent (1%) on any other type of loan; provided, however, if a single lender makes both the construction loan and a permanent loan utilizing one note, the lender may collect the fees as if they were two separate loans. Except as provided herein or otherwise allowed, no party shall pay for the benefit of the lender any other fees or discounts.

...

(g) Second or Junior Lien Fees. —

(1) Notwithstanding the limitations contained in subsection (a) of this section, a lender described in G.S. 24-1.1A(a)(2) may charge or receive from any borrower, or any agent for a borrower, fees or discounts which in the aggregate do not exceed two percent (2%) on loans made under G.S. 24-1.1 when the loans are secured by a second or junior lien on real property. The fees or discounts are fully earned when the loan is made and are not a prepayment penalty under this Chapter or any other law of this State.

(2) Notwithstanding the limitations contained in subsection (a) of this section, the limitation in subdivision (1) of this subsection shall not apply to a loan secured by a second or junior lien on real property made under G.S. 24-1.1 by a lender described in G.S. 24-1.1A(a)(2), provided the total points and fees charged to the borrower by all lenders in connection with the loan do not exceed the lesser of (i) the amounts specified in 12 C.F.R. § 1026.43(e)(3), or (ii) three percent (3%) of the total loan amount as defined in G.S. 24-1.1E(a)(7).

...."

SECTION 2. This act is effective when it becomes law and applies to loans made on or after that date.

