

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 535
Committee Substitute Favorable 5/6/25

Short Title: Title Fraud Prevention Act.

(Public)

Sponsors:

Referred to:

March 27, 2025

A BILL TO BE ENTITLED
AN ACT TO PENALIZE THE FILING OF FRAUDULENT DEEDS AND CONVEYANCES
AND TO PREVENT TITLE FRAUD BY AUTHORIZING THE REGISTER OF DEEDS
TO REQUIRE THE PRODUCTION OF A GOVERNMENT-ISSUED PHOTOGRAPHIC
IDENTIFICATION CARD BEFORE RECORDING A DEED OR CERTAIN OTHER
INSTRUMENTS, REQUIRING THE LEGISLATIVE RESEARCH COMMISSION TO
STUDY THE FEASIBILITY OF A STATEWIDE FRAUD DETECTION ALERT
SYSTEM, PROVIDING FOR A SEPARATE CAUSE OF ACTION TO QUIET TITLE
AFTER A FRAUDULENT CONVEYANCE, REQUIRING SOURCE OF TITLE TO BE
REFLECTED ON DEED OR OTHER TITLE CONVEYANCE, AND REQUIRING TAX
OFFICE CERTIFICATION OF LISTED OWNER AND DELINQUENT TAX STATUS
ON COUNTY TAX RECORDS.

The General Assembly of North Carolina enacts:

SECTION 1.1. G.S. 14-122 reads as rewritten:

"§ 14-122. Forgery of deeds, wills and certain other ~~instruments~~instruments; presentation for filing.

(a) If any person, of ~~his~~that person's own head and imagination, or by false conspiracy or fraud with others, shall wittingly and falsely forge and make, or shall cause or wittingly assent to the forging or making of, or shall show forth in evidence, knowing the same to be forged, any deed, lease or will, or any bond, writing obligatory, bill of exchange, promissory note, endorsement or assignment thereof; or any acquittance or receipt for money or goods; or any receipt or release for any bond, note, bill or any other security for the payment of money; or any order for the payment of money or delivery of goods, with intent, in any of said instances, to defraud any person or corporation, and thereof shall be duly convicted, the person so offending ~~shall be punished as a Class H felon~~is guilty of a Class H felony.

(b) If any person presents a deed or transfer of real property of an owner for filing or recording in a public record or a private record generally available to the public, knowing or having reason to know that the deed or conveyance is false or contains a materially false, fictitious, or fraudulent statement or representation, the person so offending is guilty of a Class H felony."

SECTION 1.2. G.S. 14-117.8 reads as rewritten:

"§ 14-117.8. Fraudulently renting, leasing, or advertising for sale of residential real property.

(a) Offense Involving Fraudulent Rental or Lease. – It is unlawful to rent or lease residential real property to another person knowing that the ~~renter~~renter, tenant, lessee, landlord, or lessor has no lawful ownership in the property or leasehold interest in the property.



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(b) Offense Involving Fraudulent Advertising. – It is unlawful to list or advertise residential real property for sale knowing that the purported seller has no legal title or authority to sell the property.

(c) Punishment. – Unless the conduct is covered under some other provision of law providing greater punishment, a person who violates this section shall be punished as follows:

(1) A person who violates subsection (a) of this section is guilty of a Class H felony.

(2) A person who violates subsection (b) of this section is guilty of a Class I felony.

(d) In addition to any criminal penalties provided in this section, knowingly ~~renting or leasing~~ renting, leasing, listing, or advertising residential real property to another person knowing that the ~~renter or lessor~~ renter, tenant, lessee, lessor, landlord, or the person soliciting the listing or advertisement has no lawful ownership or leasehold interest in the property shall constitute a violation of G.S. 75-1.1. In a civil suit initiated by a person who alleges that a person's violation of this section constitutes a violation of G.S. 75-1.1, the presiding judge may allow a reasonable attorneys' fee in accordance with G.S. 75-16.1 to the attorney representing the person bringing the suit without finding that there was an unwarranted refusal by the party charged with the violation to fully resolve the matter which constitutes the basis of the suit."

SECTION 1.3. G.S. 14-209 reads as rewritten:

"§ 14-209. Punishment for perjury.

If any person knowingly and intentionally makes a false statement under oath or affirmation in any ~~suit, controversy, matter or cause, or in any unsworn declaration deemed sufficient pursuant to G.S. 7A-98 depending in any of the courts of the State; in any deposition or affidavit taken pursuant to law; in any oath or affirmation duly administered of or concerning any matter or thing where such person is lawfully required to be sworn or affirmed, of the following,~~ that person is guilty of perjury, and punished as a Class F ~~felon~~ felon:

(1) A suit, controversy, matter or cause, or unsworn declaration deemed sufficient pursuant to G.S. 7A-98 pending in any of the courts of the State.

(2) A deposition or affidavit taken pursuant to law.

(3) An oath or affirmation duly administered of or concerning any matter or thing where such person is lawfully required to be sworn or affirmed.

(4) An instrument as defined in G.S. 161-32 and presented to a register of deeds for registration."

SECTION 1.4. Sections 1.1, 1.2, and 1.3 of this act become effective December 1, 2025, and apply to offenses committed on or after that date.

SECTION 2.1. Article 2 of Chapter 161 of the General Statutes is amended by adding a new section to read:

"§ 161-32. Identity verification and suspicious instruments.

(a) Definitions. – The following definitions apply in this section:

(1) Instrument. – The term "instrument" shall include any of the following:

a. A transfer of title to real property by deed or devise or other instrument transferring title to real property.

b. A deed of trust, mortgage, judgment, lien, encumbrance, financing statement, affidavit, notice, memorandum, or any other instrument that establishes a security interest in real property.

c. A contract, right of refusal, lease, affidavit, memorandum, or any other instrument that purports to establish an interest, option, encumbrance, right, or any other claim relating to or interest in real property.

(2) Suspicious instrument. – An instrument submitted for registration for which the register of deeds has found any of the following:

- 1 a. The instrument purports not to be subject to the laws of the United
2 States or the laws of this State.
- 3 b. The instrument does not conform to registration requirements
4 established by the laws of this State.
- 5 c. The instrument is submitted by an individual who is not a trusted
6 submitter and the identity verification requirements of subsection (b)
7 of this section are not met.
- 8 (3) Trusted submitter. – Includes all of the following:
- 9 a. A title insurance company as described in Article 26 of Chapter 28 of
10 the General Statutes or its authorized agent.
- 11 b. An attorney licensed to practice in this State or their authorized agent.
- 12 c. A financial institution as defined in G.S. 53B-2 or their authorized
13 agent.
- 14 (b) Identity Verification. – Notwithstanding any other provision to the contrary in this
15 Chapter, when an instrument is presented to the register of deeds for registration by an individual
16 who is not a trusted submitter, the register of deeds shall require the person presenting the
17 instrument to produce identity verification as follows:
- 18 (1) If an individual who is not a trusted submitter presents an instrument to the
19 register of deeds for registration in person, the register of deeds shall require
20 the individual to produce a government-issued photographic identification
21 card for inspection by the register of deeds before registering the instrument.
22 The register of deeds must record the name, address, identification card
23 number, and expiration date as the information appears on the identification
24 card, in a record to be kept by the register of deeds, along with the official
25 records book and page number or instrument number of the instrument
26 registered in connection to the production of the identification card. Such a
27 record may not be made available for viewing on the register of deeds' official
28 public website but shall be made available for public inspection and copying
29 as required by the public records laws of this State.
- 30 (1a) If an individual who is not a trusted submitter presents an instrument to the
31 register of deeds by U.S. mail, overnight delivery, or other paid third-party
32 delivery service, the register of deeds shall require the individual to submit a
33 photocopy of his or her government-issued photographic identification card
34 before registering the instrument. The register of deeds must note on the
35 photocopy of the identification card the official records book and page number
36 or instrument number assigned to the instrument registered in connection to
37 the submission of the photocopy of the identification card and retain the
38 photocopy of such identification card in a record to be kept by the register of
39 deeds. Such a record may not be made available for viewing on the register of
40 deeds' official public website but shall be made available for public inspection
41 and copying as required by the public records laws of this State. However, a
42 person who submits a photocopy of his or her government-issued
43 photographic identification card under this subsection may redact from the
44 photocopy of such identification card before submission all of the information
45 he or she does not wish to be made public, except for his or her name, address,
46 photograph, identification card number, and expiration date.
- 47 (2) If an individual who is not a trusted submitter as defined in this section
48 presents an instrument in the form of an electronic document, as defined in
49 G.S. 47-16.3(2), to the register of deeds, as provided by Article 1A of Chapter
50 47 of the General Statutes, the register of deeds shall require the individual to
51 submit a photocopy of his or her government-issued photographic

1 identification card before registering the instrument. The register of deeds
2 must note on the photocopy of the identification card the official records book
3 and page number or instrument number assigned to the instrument registered
4 in connection to the submission of the photocopy of the identification card and
5 retain the photocopy of such identification card in a record to be kept by the
6 register of deeds. Such a record may not be made available for viewing on the
7 register of deeds' official public website but shall be made available for public
8 inspection and copying as required by the public records laws of this State.
9 However, a person who submits a photocopy of his or her government-issued
10 photographic identification card under this subsection may redact from the
11 photocopy of such identification card before submission all of the information
12 he or she does not wish to be made public, except for his or her name, address,
13 photograph, identification card number, and expiration date.

14 (c) Refusing to Register. – Notwithstanding any other provision to the contrary in this
15 Chapter, the register of deeds shall refuse to register an instrument if one of the following occurs:

16 (1) The register of deeds deems the instrument presented for registration a
17 suspicious instrument under subdivision (2) of subsection (a) of this section.

18 (2) The individual presenting the instrument for registration is not a trusted
19 submitter, and the name on the government-issued photographic identification
20 card presented by the individual pursuant to subsection (b) of this section does
21 not match the name of the grantor or conveying party in the instrument
22 presented for registration.

23 (d) Additional Actions for Suspicious Instruments. – Upon finding that an instrument
24 presented for registration is a suspicious instrument under subdivision (2) of subsection (a) of
25 this section, the register of deeds may report the suspicious instrument to an appropriate law
26 enforcement agency.

27 (e) Notice of Requirements. – The register of deeds shall provide notice of the identity
28 verification requirement described in subsection (b) of this section on the register of deeds'
29 official public website.

30 (f) Legal Protections and Remedies. –There is no right or cause of action against, and no
31 civil liability on the part of the register of deeds or the county with respect to the register of deeds'
32 requirement of a government-issued photographic identification card, or any refusal to register
33 an instrument as allowed by subsections (b) and (c) of this section.

34 (g) Confidentiality. – Nothing in this section shall be construed to require the register of
35 deeds to provide or allow access to a record or other information that is considered confidential
36 information as defined by G.S. 132-1.2."

37 **SECTION 2.2.** Section 2.1 of this act becomes effective October 1, 2025, and applies
38 to instruments presented for registration on or after that date.

39 **SECTION 3.1.** The Legislative Research Commission (LRC) shall study the
40 feasibility of creating a fraud detection alert system where everyone who submits an instrument
41 as defined in G.S. 161-32 for registration is automatically enrolled in the fraud detection alert
42 system without paying a fee. Before enrollment, the register of deeds would provide each
43 individual with a notice explaining the system – its purpose, how it works, and how to opt out of
44 enrollment.

45 As part of its study, the LRC shall do all of the following:

46 (1) Evaluate the practicality of implementing a fraud detection alert system with
47 automatic enrollment and an opt-out option, including technological and
48 staffing requirements for registers of deeds across all counties.

49 (2) Examine the fiscal impact on the State, counties, and/or registers of deeds,
50 including costs associated with developing, maintaining, and operating a fraud
51 detection alert system without charging a fee to the participant.

- (3) Evaluate how well such a fraud detection alert system would prevent fraud as compared to other potential systems or measures.

SECTION 3.2. The LRC shall report its findings, together with any proposed legislation, to the 2026 Regular Session of the 2025 General Assembly upon its convening.

SECTION 3.3. Sections 3.1 and 3.2 of this act are effective when they become law.

SECTION 4.1. Article 1 of Chapter 41 of the General Statutes is amended by adding a new section to read:

"§ 41-10.2. Fraudulent instrument procedure.

(a) As used in this section, the term "instrument" means any of the following:

(1) A transfer of title to real property by deed or devise or other instrument transferring title to real property.

(2) A deed of trust, mortgage, judgment, lien, encumbrance, financing statement, affidavit, notice, memorandum, or any other instrument that establishes a security interest in real property.

(3) A contract, right of refusal, lease, affidavit, memorandum, or any other instrument that purports to establish an interest, option, encumbrance, right, or any other claim relating to or interest in real property.

(b) The actual owner of an interest in real property subject to a recorded false, fictitious, or fraudulent instrument may file a civil action and proceed pro se, without the assistance of legal counsel. The district court division of the General Court of Justice shall have original jurisdiction over actions instituted under this section, and a party may seek emergency relief under this section by filing a civil action in district court alleging the filing or recording of a false, fictitious, or fraudulent instrument in a public record or a private record generally available to the public. Upon the filing of any action under this section, the plaintiff shall file a notice of lis pendens. Required service of process or notice required by Rules 4 and 5 of the North Carolina Rules of Civil Procedure on any party shall be sufficient if made to the party's address reflected on the face of the suspicious instrument, the address for mailing tax bills for the parcel of land, or reflected on the summons or other court filings. If an ex parte hearing is requested, and, upon the submission of a sworn statement and evidence supporting the allegation of the recording of a false, fictitious, or fraudulent instrument, a temporary order, declaring the recording to be fraudulent, shall be entered if the court finds that there is no statutory, contractual, or other legal basis for the alleged false, fictitious, or fraudulent recording. A temporary order entered under this subsection shall remain in effect for the later of 60 days or until the entry of a permanent order. The chief district court judge may authorize a magistrate or magistrates to hear any motions for emergency relief ex parte under this section. The clerk of superior court shall schedule an ex parte hearing with the district court division of the General Court of Justice within 72 hours of the filing for said relief, or by the end of the next day on which the district court is in session in the county in which the action was filed, whichever shall first occur. If the district court is not in session in said county, the party may contact the clerk of superior court in any other county within the same judicial district who shall schedule an ex parte hearing with the district court division of the General Court of Justice by the end of the next day on which said court division is in session in that county. Upon the issuance of an ex parte order under this subsection, a hearing shall be held within 10 calendar days from the date of issuance of the order or within seven calendar days from the date of service of process on the other party, whichever occurs later. A continuance shall be limited to one extension of no more than 10 calendar days unless all parties consent or good cause is shown. The hearing shall have priority on the court calendar. If, after an opportunity to be heard to all interested persons and all persons claiming an ownership interest in the property, the court finds that there is no statutory, contractual, or other legal basis for the recording, the court shall enter a permanent order finding that the recorded instrument is false and is void as a matter of law. The court may also include in the order any of the following types of relief:

- (1) Grant to a prevailing party possession of the real property and order the ejectment of any party on the premises.
 - (2) Award to the prevailing party attorneys' fees and other costs for the action.
 - (3) Stay any proceedings involving the subject real property in which the property owner is not a party to.
 - (4) Upon a finding by the court that an action filed under this section is frivolous or malicious, assess a civil penalty of not more than ten thousand dollars (\$10,000), of which the clear proceeds assessed under this subdivision shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.
 - (5) Upon a finding by the court that a party has presented for filing or recording a false, fictitious, or fraudulent instrument as described in this section more than once, enter a pre-filing permanent injunction against the party.
 - (6) Enjoin a party from listing the real property for sale, lease, or any other similar advertisement.
 - (7) Impose sanctions against the offending party or their attorney pursuant to Rule 11 of the North Carolina Rules of Civil Procedure.
 - (8) Order execution of any additional instruments necessary or required to clear the title to the property pursuant to Rule 70 of the North Carolina Rules of Civil Procedure.
- (c) Upon being presented with an ex parte or a permanent order duly issued by a court of competent jurisdiction of this State declaring that a recorded instrument is false and void as a matter of law, the register of deeds that received the false recording shall record and cross-index the order and shall, in addition to recording the court's order, also conspicuously mark on the first page of the previously recorded instrument the following statement: "THE CLAIM ASSERTED IN THIS DOCUMENT IS FALSE AND IS NOT PROVIDED FOR BY THE GENERAL LAWS OF THIS STATE." An order presented for recording pursuant to this section shall be recorded and cross-indexed by the register of deeds as a subsequent instrument under G.S. 161-14.1, and no fee authorized under G.S. 161-10, or otherwise, shall be charged.
- (d) In addition to any criminal penalties or other civil remedies provided by law, the presentation of an instrument for recording with a register of deeds that purports to be an instrument that is determined to be materially false, fictitious, or fraudulent shall constitute a violation of G.S. 75-1.1.
- (e) A person who initiates an action under this section knowing that the subject instrument is not false, fictitious, or fraudulent shall be punished as a Class G felon.
- (f) If a party appeals the district court's decision, the appeal shall be to the superior court. The notice of appeal must contain a verified factual explanation as to why the order entered is incorrect."

SECTION 4.2. Section 4.1 of this act becomes effective October 1, 2025, and applies to causes of action filed on or after that date.

SECTION 5.1. The Administrative Office of the Courts shall develop a form complaint for the fraudulent instrument procedure established by Section 4.1 of this act and have the form available on its website no later than October 1, 2025. In addition to the requirements set forth in this section, the form shall include clear language notifying the filing party that providing false information or statements is perjury pursuant to G.S. 14-209 and punishable as a Class F felony.

SECTION 5.2. The Administrative Office of the Courts shall develop a form for filing a lis pendens established by Section 4.1 of this act and have the form available on its website no later than October 1, 2025.

SECTION 5.3. Sections 5.1 and 5.2 of this act are effective when they become law.

1 **SECTION 6.1.** Article 4 of Chapter 47 of the General Statutes is amended by adding
2 a new section to read:

3 **"§ 47-108.30. No presumption of priority for certain recorded instruments.**

4 An instrument as defined in G.S. 161-32 shall not have a presumption of priority based upon
5 the time of registration and shall not constitute constructive notice or color of title if any of the
6 following apply:

- 7 (1) The instrument does not comply with the provisions of G.S. 47-18, 47-20,
8 47-118, 47-119, 47-119.1, or 47-120, as applicable.
9 (2) The instrument does not contain a signature and acknowledgement duly
10 acknowledged before an officer authorized to perform acknowledgements as
11 required for recording of at least one record owner at the time the conveyance
12 is made."

13 **SECTION 6.2.** Article 2 of Chapter 47 of the General Statutes is amended by adding
14 a new section to read:

15 **"§ 47-18.4. Source of title required for registration.**

16 Notwithstanding any other provision to the contrary in this Chapter, all deeds or other
17 conveyances of title (other than by court order) presented for registration must include a source
18 of title to the grantor. Source of title may include the prior deed transferring title to the current
19 grantor by reference to the book and page and the name of the grantee identified in that document,
20 a duly probated will and estate file number with the clerk of superior court, recital of the chain
21 of inheritance in the case of intestate succession, or a court order and court file number vesting
22 title in the grantor. If a deed or other conveyance of title (other than a court order) is submitted
23 for registration by anyone other than a "trusted submitter" as defined in G.S. 161-32, the register
24 of deeds shall not accept the conveyance for registration unless one of the following applies:

- 25 (1) The submitter provides a certified copy of the latest county tax listing or bill
26 reflecting the owner on the certified tax listing matches the grantor in the
27 document presented for registration.
28 (2) The county officer who manages tax listings certifies that the grantor on the
29 document presented for registration is consistent with the owner reflected on
30 the tax listing for the real property.
31 (3) In the event of a material inconsistency in the grantor's identity reflected on
32 the document presented for registration and the county tax records, the
33 document presented for registration shall not be recorded until legal
34 verification of the source of title of the grantor reflected on the document
35 presented for registration has been provided by one of the following methods:
36 a. The county officer who manages tax listings determines that the
37 grantor reflected in the document presented for registration should be
38 included as an owner in the tax listing for the real property.
39 b. A North Carolina licensed attorney provides a title certification of the
40 grantor listed in the document presented for registration."

41 **SECTION 6.3.** Section 6.1 and Section 6.2 of this act are effective October 1, 2025,
42 and apply to deeds or other conveyances of title (other than by court order) presented for
43 registration on or after that date.

44 **SECTION 7.1.** G.S. 161-31 reads as rewritten:

45 **"§ 161-31. Tax certification.**

46 (a) Tax Certification. – ~~The board of commissioners of a county may, by resolution,~~
47 ~~require the~~ The register of deeds shall not to accept any deed transferring real property for
48 registration unless the county tax collector has certified the name of all owners of the parcel listed
49 in the tax records and that no delinquent ad valorem county taxes, ad valorem municipal taxes,
50 or other taxes with which the collector is charged are a lien on the property described in the deed.
51 ~~The county commissioners may describe the form the certification must take in its resolution.~~

(a1) Exception to Tax Certification. – ~~If a board of county commissioners adopts a resolution pursuant to subsection (a) of this section, notwithstanding the resolution, the~~ The register of deeds shall accept without certification a deed submitted for registration by a trusted submitter as defined in G.S. 161-32 containing this statement on the deed: "This instrument prepared by: _____, a licensed North Carolina attorney. ~~Delinquent taxes, As closing attorney, I certify that delinquent and current taxes owed, if any, to will be paid by the closing attorney by my office to the county tax collector upon disbursement of closing proceeds."~~

(b) Applicability. ~~This section applies only to Alamance, Alexander, Anson, Beaufort, Bertie, Bladen, Brunswick, Buncombe, Burke, Cabarrus, Caldwell, Camden, Carteret, Caswell, Catawba, Cherokee, Chowan, Clay, Cleveland, Columbus, Currituck, Dare, Davidson, Davie, Duplin, Durham, Edgecombe, Forsyth, Franklin, Gaston, Gates, Graham, Granville, Greene, Halifax, Harnett, Haywood, Henderson, Hertford, Hoke, Hyde, Iredell, Jackson, Johnston, Jones, Lee, Lenoir, Lincoln, Macon, Madison, Martin, McDowell, Montgomery, Nash, Northampton, Onslow, Pasquotank, Pender, Perquimans, Person, Pitt, Polk, Randolph, Robeson, Rockingham, Rowan, Rutherford, Sampson, Scotland, Stanly, Stokes, Surry, Swain, Transylvania, Tyrrell, Vance, Warren, Washington, Wayne, Wilson, Yadkin, and Yancey Counties."~~

SECTION 7.2. Section 7.1 of this act becomes effective October 1, 2025.

SECTION 8. Except as otherwise provided, this act is effective when it becomes law.