

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

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SENATE BILL 577

Short Title: Title Insurance Kickbacks Clarification. (Public)

Sponsors: Senators B. Newton, Daniel, and Sawrey (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 26, 2025

A BILL TO BE ENTITLED  
AN ACT CLARIFYING THE PROHIBITION AGAINST KICKBACKS OR OTHER  
UNEARNED FEES IN TITLE INSURANCE TRANSACTIONS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 58-27-5 reads as rewritten:

**"§ 58-27-5. Prohibition against payment or receipt of title insurance kickbacks, rebates, commissions and other payments.**

(a) Prohibition. – No person or entity selling real property, or performing services as a real estate agent, attorney or lender, which services are incident to or a part of any real estate settlement or sale, shall pay or receive, directly or indirectly, any kickback, rebate, commission or other payment in connection with the issuance of title insurance for any real property which is a part of such sale or settlement; nor shall any title insurance company, agency or agent make any such payment.

(b) Penalty. – Any person or entity violating the provisions of this section shall be guilty of a Class 2 misdemeanor which may include a fine of not more than five thousand dollars (\$5,000).

(c) ~~No persons or entity shall be in violation of this section~~ Exception. – The prohibition of subsection (a) of this section does not apply if all of the following conditions are met:

(1) The payment is made: (i) solely by reason of ownership of stock in a bona fide title insurance company, agency, or agent; agent or (ii) from an employer to a bona fide employee, including the payment of a commission for the sale of title insurance. For purposes of this section, subdivision and in addition to any other statutory or regulatory requirements, a bona fide title insurance company, agency or agent is defined to be a company, agency or agent that passes upon and makes title insurance underwriting decisions on title risks, including the issuance of title insurance policies, binders and endorsements, and that maintains a separate and distinct staff and office or offices for such purposes.

(2) The person or entity purchasing title insurance is not required to use any particular title insurance company, agency, or agent, except as permitted under regulations adopted pursuant to the Real Estate Settlement Procedures Act, 12 U.S.C. § 2607(c)(5).

(3) One of the following applies:

a. The person or entity purchasing title insurance is provided, at the time of referral, a written disclosure that satisfies the requirements of the Real Estate Settlement Procedures Act, 12 U.S.C. § 2607(c)(4), of the



1                    affiliation between the referring party and the title insurance company,  
2                    agency, or agent.

3                    b.    The person or entity purchasing title insurance is not provided a  
4                    written disclosure satisfying the requirements of sub-subdivision a. of  
5                    this subdivision, but the person or entity required to make that  
6                    disclosure demonstrates that the failure was unintentional and resulted  
7                    from a bona fide error notwithstanding maintenance of procedures that  
8                    were reasonably adapted to avoid that error. In any judicial or  
9                    administrative proceeding, the person or entity relying upon this  
10                   sub-subdivision shall have the burden of proof of establishing its  
11                   applicability by a preponderance of the evidence."

12                   **SECTION 2.** This act becomes effective December 1, 2025, and applies to offenses  
13 committed on or after that date.